



Daily Report

China

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General

UN Urges U.S. To Grant Visa to 'Arafat
OW0212001588 Beijing XINHUA in English
0046 GMT 1 Dec 88

[Text] United Nations, November 30 (XINHUA)—The UN General Assembly today overwhelmingly adopted a resolution urging the United States to reverse its denial of an entry visa for PLO leader Yasir 'Arafat to come here to address the world body.

The resolution, adopted by a vote of 151 to two with one abstention, charged the United States with violating its international legal obligations under the headquarters agreement it signed with the world organization in 1947.

Last Saturday [26 November], the U.S. State Department officially refused to grant an entry visa to 'Arafat, leader of the Palestine Liberation Organization, (PLO), thus failing to abide by its obligations provided in the agreement that the host country is not entitled to block anyone from coming to the UN Headquarters on official business.

The resolution, cosponsored by about 50 UN member states, deplored the U.S. decision and urged the host country to abide scrupulously by the provisions of the agreement and to reconsider and reverse its decision.

It also affirmed the right of the PLO freely to designate the members of its delegation to participate in the work of the General Assembly and requested the secretary general to submit a report on the developments in this matter no later than December 1, 1988.

Diplomats from the Arab states here said that the date of December 1 actually is also the deadline for the United States to change its decision.

They said, if the United States fails to make a positive response to the resolution, the Arab group will table another draft resolution requesting to move the assembly's debates on the Palestinian question and the Middle East question to the organization's European headquarters in Geneva.

Addressing the General Assembly before the voting, representative from Jordan 'Abdallah Salah said that the U.S. decision is "truly regrettable" and has aroused "great resentment" among the international community.

Salah, speaking on behalf of the Arab League, said that the United States should fully comply with its obligations under the headquarters agreement and reconsider its decision in order to dispel the misgivings of the world community.

PLO Permanent Observer Zuhdi Labib Terzi told the General Assembly that the United Nations is duty bound not to allow the host country to prevent any of its invitees from coming to address the General Assembly.

"'Arafat will not be prevented from bringing the message of peace, the message and plan for a realistic and comprehensive approach to achieving peace and end to the bloody conflict" between Israel and Arab states, he said.

The U.S. denial of 'Arafat's visa request came at a time when the Palestine National Council declared the establishment of an independent Palestinian State, which is widely welcomed and believed by the world community as a fresh opportunity of achieving peace in the Middle East.

Despite the majority support for the resolution, U.S. Representative Herbert S. Okun defended his government's position by saying that the visa denial was made in light of the U.S. right to "protect our national security."

He said that the United States voted against the resolution because it "does not agree with the tone or substance of the resolution."

Israel also voted against the resolution and Britain abstained from the voting.

U.S. Informed of Deadline

OW0112213888 Beijing XINHUA in English
1933 GMT 1 Dec 88

[Text] United Nations, December 1 (XINHUA)—The United States has been informed that midnight tonight is the deadline set by the U.N. General Assembly for reversing its denial of PLO leader Yasir 'Arafat's request for an entry visa to address the world organization, U.N. official said here today.

Nadia Younes, spokeswoman for U.N. Secretary-General Javier Perez de Cuellar, told reporters that the U.N. chief sent a note to the U.S. mission to the United Nations yesterday afternoon, informing it of the resolution adopted yesterday at the general assembly urging the United States to reverse its decision on 'Arafat's visa request.

The resolution, supported by 151 U.N. member states, also requested the secretary-general to report to the Assembly on the developments on the matter no later than December 1.

The spokeswoman said that the secretary-general asked the United States to communicate to him a reply to the resolution which "would put him in the position to write his report as called for in the resolution."

"As soon as the reply is received from the U.S. mission, the secretary-general will submit his report to the General Assembly," she said.

However, she said, "If the United States does not reply by midnight tonight, then the secretary-general will accordingly report to the General Assembly tomorrow morning."

Observers here said that the deadline is "a very clear cut position" of the General Assembly. However, they strongly believe that the United States will not change its mind because "they had already calculated on what would happen when they made the decision."

According to U.N. officials, if the U.S. reply is negative, a draft resolution will be tabled by the Arab group, along with the secretary-general's report, to request the General Assembly to move its debate on the Palestinian question to Geneva, the European headquarters of the world organization.

They said that it will cost the United Nations extra money if the debate is moved to Geneva. But they refused to estimate how much more the world organization will have to spend if such a thing does happen.

Younes said today that the financial implication regarding this matter "is being studied" by the U.N. Advisory Committee on Administrative and Budgetary Questions.

Li Peng's UN Message Supports Palestine State
*HK0112141188 Beijing XINHUA Hong Kong Service i
n Chinese 0729 GMT 30 Nov 88*

[Report: "Li Peng Sends Message to UN Meeting in Commemoration of the "International Day in Support of the Palestinian People"]

[Text] Beijing, 30 Nov (XINHUA)—On 29 November, Li Peng, premier of China's State Council, sent a message to the UN meeting in commemoration of the "International Day in Support of the Palestinian People" which was held in New York. In his message, on behalf of the Chinese Government and the Chinese people, Chinese Premier Li Peng expressed firm support for the Palestinian people's just struggle aimed at restoring their legitimate national rights and interests and extended greetings to the heroic Palestinian people.

Li Peng's message said that "the convocation of the meeting in commemoration of the 'International Day in Support of the Palestinian People' itself is a manifestation of concern shown by the international community over the Palestinian question and a manifestation of sympathy and support given by all the peace-loving people in the world to the just cause of the Palestinian people. The Palestinian question is the nucleus of the Middle East question. Without the restoration of the legitimate national rights and interests of the Palestinian people, peace and stability in the Middle East would be out of the question. This point has already been accepted

by the international community. Therefore, a fair settlement of the Palestinian question is not only the objective of the struggle of the Palestinian people but also the general demand of the international community."

Li Peng's message also said that "because the Israeli authorities have been stubbornly sticking to their policy of aggression and expansion, refusing to recognize the legitimate rights and interests of the Palestinian people, turning a blind eye to a series of UN resolutions on the Palestinian question, and obstructing the convocation of the international conference on the Middle East peace question despite the strong opposition of the international community, the Palestinian question has remained unsettled for a long time. The Israeli authorities' rigid stand on the Palestinian question has not only brought enormous disasters and misery to the Palestinian people but has also made it impossible for the people of all the Middle East countries, including the Israeli people, to live in a peaceful and stable environment."

Li Peng's message continued stating that "for a long time, the heroic Palestinian people have waged a strenuous and indomitable struggle against Israeli aggression in order to restore their legitimate national rights and interests. The year-long struggle waged by the Palestinian people living in the Israeli-occupied territories has already dealt a heavy blow to the Israeli authorities and their supporters, demonstrated the Palestinian people's defiance to brute force and a firm belief in their unceasing struggle aimed at restoring their legitimate national rights and interests, and won widespread sympathy and support from the international community. The 19th special conference of the Palestinian National Council [PNC], which was convened not long ago, proclaimed the founding of the Palestinian state. The proclamation of the founding of the Palestinian state was at once the historical choice of the Palestinian people and a major event in the history of the struggle of the Palestinian people, for it ushered in a new historical era in the Palestinian revolution. We believe that the "Declaration of Independence" and "Political Declaration" passed by the 19th special conference of the PNC are reasonable and positive documents conducive to pushing forward the Middle East peace process."

Li Peng's message said that "the Chinese Government and the Chinese people sympathize deeply with the Palestinian people and resolutely support their just struggle. The Chinese Government extends its warm congratulations on the founding of the Palestinian state which it has already formally recognized. It is the consistent stand of the Chinese Government that Israel should withdraw from the Arab territories it has occupied since 1967, that the national rights and interests of the Palestinian people should be restored, and that all the countries in the Middle East have the rights to peace and existence and should live together in peace. China supports the convocation of an international conference on the Middle East question under the auspices of the United Nations in order to seek a comprehensive and just

settlement of the Middle East question. As a party concerned to the Middle East question, the Palestinian State is entitled to the right to attend the conference together with other states in the region on an equal footing."

Li Peng's message added that "at present, the entire international situation is developing in the direction of detente. Settling regional conflicts through dialogue has become the mainstream in the current international relations. The Chinese Government and the Chinese people hope that the Israeli authorities will follow this mainstream, substitute their rigid stand with a flexible attitude, renounce their policy of aggression and expansion, and adopt a realistic approach to the Palestinian question so as to eliminate the hot spot in the Middle East. We call on the United Nations and all the countries that uphold justice in the world to join in a concerted effort to urge the Israeli authorities to enforce all the UN resolutions on seeking a comprehensive and just settlement of the Middle East question so as to push ahead with the Middle East peace process."

China To Support OPEC Price Agreement
HK0112113088 Beijing CHINA DAILY
in English 1 Dec 88 p 2

[By staff reporter Song Ning]

[Text] China will support the price and production agreement of the 13-member Organization of Petroleum Exporting Countries [OPEC], a senior Chinese official said yesterday.

Zheng Dunxun, president of the China National Chemical Import and Export Corporation (Sinochem), was commenting on the pact signed on Monday [28 November] by OPEC to limit the group's daily production to 18.5 million barrels a day in 1989.

Zheng told CHINA DAILY in an interview that Sinochem, China's sole oil import-and-export firm, will reduce overseas sales of crude oil and products next year.

Reducing oil exports will not hurt Chinese producers, he said, because energy shortages accompanying China's economic development will not be overcome in the near future.

Supporting OPEC actions to stabilize the world oil market has long been China's policy, he said.

In 1986, China, which is not a member of OPEC, twice announced oil export cuts in co-ordination with OPEC. The cuts, along with price drops, caused China to lose about \$3 billion in potential oil export earnings.

Zheng estimated that Sinochem will earn \$700 million less this year than it had at first expected because of sagging crude oil prices on the world market.

Reduced overseas shipments and unstable world market prices have caused oil to forfeit its former position as China's top foreign exchange earner to textiles.

Zheng is optimistic about the oil market next year, which even with reduced exports could allow China to earn as much as this year if prices rise to Opec's \$18-a-barrel target.

Joint Aircraft Repair Facility Accord Signed
HK0112133788 Beijing CEI Database
in English 1 Dec 88

[Text] Guangzhou (CEI)—An agreement to jointly run an airplane repair plant has been signed in Guangzhou recently.

The Guangzhou branch of Civil Aviation Administration of China has 50 percent of the shares of the joint venture, and Lockheed Airliner Service International Co. and Hutchison Whampoa Ltd. of Hong Kong each has 25 percent of its shares.

The plant is located in the Baiyun Airport in Guangzhou, which is about 150 miles away from Hong Kong.

The hangar of the plant has an area of 147,500 square feet and can keep a Boeing 747 and two 737 airplanes.

Construction of the hangar, largest of its kind in China, is nearly completed.

The workshops along the hangar are well-equipped for all kinds of repair for airplanes.

'Yearender' on Soviet Pullout From Afghanistan
OW0112120988 Beijing Domestic Service in Mandarin
0530 GMT 29 Nov 88

[Station reporter (Zhang Rong's) yearender: "On the Issue of Soviet Army Withdrawal From Afghanistan"]

[Text] In 1988, a breakthrough was made in seeking a political solution to the Afghanistan question. After invading and occupying Afghanistan for 8 and 1/2 years, over 100,000 Soviet troops have finally begun to withdraw from that country. This is of great significance to easing the situation in Afghanistan and the region around it.

This encouraging situation was made possible only after the departments concerned made common efforts. It is the result achieved by multiple factors. At the beginning of this year, the United Nations dispatched representatives on shuttle visits to Afghanistan and Pakistan. Through the mediation of the United Nations, Pakistan on 2 March resumed indirect talks with the Kabul regime of Afghanistan. After various twists and turns, they signed the Geneva agreement on the Afghanistan issue on 14 April. The agreement stipulates that the Soviet Union withdraw all its troops from Afghanistan by mid-February 1989.

On 15 May, the Soviet Union started to fulfill the agreement, and by mid-August it had withdrawn half of its troops stationed in Afghanistan, thereby fulfilling the first-stage pullout task as scheduled. Disaster-ridden Afghanistan, after suffering from the chaos of war for more than 8 years, is at last seeing the dawn of peace. This is another victory for the Afghan people in resisting external invasion.

In this long, drawn-out war, more than 1 million Afghans lost their lives, while one-third of the country's population became refugees. However, the Afghan people, with their glorious tradition of resisting foreign invasion, have never stopped fighting. Since 27 December 1979, the day Soviet troops invaded Afghanistan, the Afghan people armed themselves and waged guerrilla warfare to fight the Soviet aggressor army. Over the past several years, the Afghan resistance forces have grown in strength. The Soviet aggressor troops, although armed with advanced weapons and equipment, have never been able to rule more than a few major cities and only the most vital communication lines in Afghanistan. The Afghan people's heroic resistance has made the Soviet authorities realize that although they paid a very heavy price, losing tens of thousands of officers and enlisted men, and spending nearly \$20 billion, they can never win this war.

In addition, in international circles, the Soviet invasion of Afghanistan has been strongly denounced by the world media, and the Soviet Union has been put in an isolated position. Since 1980, the United Nations General Assembly has passed resolutions by an overwhelming majority each year calling for a Soviet pullout. Inside the Soviet Union, on the one hand, the people are showing increasing dissatisfaction with the unjust war their own government has initiated; on the other hand, despite the Soviet calls for speeding up economic development and domestic economic reform, the Afghanistan war has not only become a heavy burden for the Soviet Union, weakening it in its confrontation with the United States, but has also seriously obstructed its domestic reform. It is under this powerful pressure at home and abroad that the Soviet Union decided to pull out.

Today, although the Soviet Union has withdrawn half of its troops from Afghanistan as scheduled in accordance with the Geneva agreement, the international community is still worried about whether the Soviet Union will withdraw all its troops from Afghanistan by February 1989. Not long ago, alleging that the Afghan situation was worsening, the Soviet Union declared the suspension of its troop withdrawal. In addition, it clearly increased its military strength in Afghanistan. Recently, although the total strength of the Soviet army in Afghanistan has not increased, the units relieving the garrison there are better equipped than ever before. New modern arms have also been delivered to the Kabul government troops. Observers say the Soviet Union wants to weaken the Afghan resistance forces and strengthen the Kabul

government troops so that the Kabul regime can continue to rule after the Soviet pullout, thereby safeguarding Soviet interests in Afghanistan.

Currently, the whole world is paying close attention to the situation in Afghanistan. On 3 November, in a draft resolution on the Afghanistan issue, the United Nations General Assembly again called on the Soviet Union to strictly fulfill the Geneva agreement. In today's world, the trend of detente is growing strong. Respecting the independence and sovereignty of all countries and opposing external invasion and oppression have become the main currents in international politics. The Soviet authorities must also be clearly aware of this. The Afghan people have the right to determine their own destiny without external interference. The Soviet authorities' best way out is to withdraw all their troops from Afghanistan.

XINHUA Reports on Four-Party Angolan Talks
OW0212080988 Beijing XINHUA in English
0103 GMT 2 Dec 88

["Angola, Cuba, South Africa, U.S. Continue Peace Talks in Brazzaville (by Xiong Zhongqi)"]—XINHUA headline]

Brazzaville, December 1 (XINHUA)—No signing ceremony took place here today for a protocol of agreement on the pullout of Cuban troops from Angola and the implementation of the UN Security Council Resolution 435 on independence of South African-ruled Namibia, but indications are that the parties concerned are trying to achieve it in the coming two days.

Angolan, Cuban, South African and U.S. negotiators continued their new round of talks on peace in southwestern Africa, with bilateral or multilateral contacts today. Following the process are observers from the Soviet Union, the United Nations and the South West Africa People's Organization (SWAPO). The talks started late yesterday, one day later than originally scheduled due to the late arrivals of the main negotiators of Cuba, Angola and South Africa whose delegations flew in here only yesterday evening.

Their meeting here is mainly aimed at signing a protocol of an agreement on the timetable and terms of the pullout of an estimated 52,000 Cuban troops from Angola in exchange for Namibian independence from South Africa, which was reached in Geneva on November 15. It also aimed at ironing out remaining obstacles to the realization of that goal. The signing ceremony was expected to have taken place today. South African sources cited the differences over the verification of the Cuban pullout as the main reason for the delay. But other sources noted that the continued support to the antigovernment National Union for Total Independence of Angola (UNITA) by the U.S. and South Africa also

caused problem. Angolan chief negotiator Franca Ndalu told XINHUA that it was impossible to sign the protocol today. However, he expressed his optimism to do it in the next two days.

Mr Chester Crocker, U.S. assistant secretary of state for African affairs and the mediator for the talks was here this morning to have busy talks with UN observer Mr Athis Aris and members of the South African delegation in the lobby of the M'bamou Palace Hotel where the delegations are settled in.

Soviet Deputy Foreign Minister Anatoliy Adamichine was said to have held talks successively with Angolan, Cuban and U.S. negotiators till two o'clock early this morning. Soviet sources said that Mr Adamichine has decided to postpone his planned departure for home tomorrow morning.

South African sources confirmed that South African Foreign Minister Roelof Botha will fly into Brazzaville at noon tomorrow. It was also circulated here that some South African generals are expected here this evening to discuss other military aspects of the talks.

Speaking at a press briefing here, communication adviser at the presidency of the Congo, Mr Roger Okoula, said that his country highly evaluated the four-party talks, because it has great impact on peace and security in the region. This is the fourth time for the Congo to host the talks.

Current Situation in U.S.-Soviet Detente Viewed
OW0212031988 Beijing GUOJI WENTI YANJIU
in Chinese No 4, 13 Oct 88 pp 5-8

[Article by Jin Junhui: "On the Current New Detente Between the United States and the Soviet Union"]

[Text] Over a period of less than 6 months—from December 1987 to mid-1988—U.S. President Reagan and Gorbachev, general secretary of the CPSU Central Committee, met for the third and fourth times in Washington and Moscow. During that period, two significant events—which have enhanced U.S.-USSR relations and eased international tension—took place. First, the two countries signed and ratified the treaty destroying all U.S. and Soviet land-based intermediate-range missiles, thus opening a channel through which the United States and the Soviet Union will genuinely reduce their nuclear arms for the first time since the appearance of nuclear weapons in the world. Second, the four sides—Pakistan, the Kabul regime of Afghanistan, the Soviet Union, and the United States—signed in Geneva an accord for a political settlement of the Afghanistan issue. Soviet troops began to withdraw from Afghanistan on 15 May 1988 and will complete the withdrawal on 15 February 1989. The situation shows that the cold war, which is the main hallmark of post World War II U.S.-Soviet relations may give way to a new and long period of relaxation and frequent dialogues. Soviet Foreign Minister

Shevardnadze maintains that U.S.-Soviet relations "are experiencing a qualitative change," and the two countries may be "advancing toward establishing relatively normal relations." U.S. Secretary of State Shultz maintains that the United States and the Soviet Union are building a "highly hopeful beginning of a more constructive and new relations." Kissinger and Vance, two former secretaries of state, share the view that "a strategic opportunity for achieving major improvements in U.S.-Soviet relations has appeared." In short, although the two superpowers will continue to confront and compete with one another in their ideologies and social systems during what may be called a period of new detente between the United States and the Soviet Union, positive dialogues and the search for compromise and coexistence will gain momentum and may gradually become dominant for a long time.

1. The Background of the New Detente Between the United States and the Soviet Union

The appearance of the new detente between the United States and the Soviet Union is not at all accidental.

First of all, this new detente is inseparable from the major international changes that occurred during the same period. Generally speaking, these changes can be observed from the following: 1) The many years of vigorous postwar confrontation between the two superpowers, and especially their unprecedented arms race, not only have enormously threatened the world with nuclear destruction and subjected them to increasingly strong worldwide opposition, but also have created an unbearable burden. This is why they must seek a new way out. 2) Both the United States and the Soviet Union have suffered painfully from their aggressive wars in Vietnam and Afghanistan and are seriously hurt politically, and they have come to realize the limits of power politics and the serious consequences. 3) Because of the rapid development of the scientific and technological revolution and the continual expansion of world trade, all countries of the world, while engaging in vigorous competition, have become increasingly dependent upon each other. The growth and decline of economic strength among countries are very conspicuous, as can be observed from the decline of economic strength of the United States and the USSR and the dramatic growth of economic strength of Japan, the EEC, and some newly industrialized countries and regions. 4) In handling international relations, increasingly greater consideration has been given to economic advantages or disadvantages and national interests, whereas the role of ideology has become increasingly less significant. 5) Compelled by the situation, the Soviet Union has been attempting to break away from the many years of construction modes and dogmatic influence, and the country is proceeding with economic and political restructuring. These have produced the following results: First, the parity of world strength has undergone significant changes. While superpowers' global roles and influences are decreasing, the trend toward multipolarization is

growing. Although militarily the United States and the Soviet Union are still the two poles, economically and politically many Western European countries, Japan, and China—as well as the United States and the Soviet Union—are playing an increasingly significant role. Second, an overwhelming majority of countries have become more inclined toward making their own decisions independently. Many Third World countries have also focused their attention on economic construction in the hope that they can establish a footing in a world in which scientific and technological development is swift and economic competition is fierce. These countries have become increasingly aware of the need to strengthen regional cooperation, promote North-South relations, and work hard to shake off superpowers' interference and control. Third, under different circumstances, new changes have also been taking place between the United States and the Soviet Union on the one hand and their respective allies on the other, and Western Europe has achieved new successes in strengthening economy and defense. All this has considerably shaken the overlordship of the United States and Soviet Union. The new and severe challenges have compelled them to seriously consider a readjustment of policies to maintain their superpower status or else lose their superpower status in the test of all-around national strength in the future.

Secondly, both the United States and the Soviet Union have learned the important lessons from the detente of the 1970's and the sharp confrontation during the first half of 1980's that they must coexist with one another. These lessons can be roughly summarized: 1) Detente should not be a one-way street. If any one side tries to expand by taking advantage of detente, it certainly will provoke strong opposition from the other side. U.S. scholar Bierley had a point when he said that it was specifically Brezhnev's outward expansion and invasion of Afghanistan that sent the conservative Reagan to the White House. 2) Although after he became president, Reagan made great efforts to expand armament and vowed to "roll back" the strength the "evil empire" gained during the 1970's, the vigorous test of strength and confrontation show that, instead of subduing one another, they both are in an awkward predicament. One finds that it is bogged down by serious stagnation and is in internal and external dilemma, the other has been warned that it may follow the course of decline of the empires in history. This has prompted both countries to be more realistic in dealing with one another.

Thus, seen from the general trend of international change and the development of U.S. and Soviet rivalry, the new detente between the United States and the Soviet Union has its profound causes and background.

2. The Special Features of the New Detente Between the United States and Soviet Union

There is reason to believe that the new detente between the United States and the Soviet Union is a new trend of

the current international relations and that it will continue for a long time. This new trend has the following special features:

1. The significant changes in Soviet policies are the main cause of this new detente. As far as the Soviet Union is concerned, the appearance of the new Soviet leadership headed by Gorbachev means the beginning of a new era. The significant changes that have occurred in the Soviet Union's internal and external policies following Gorbachev's assumption of power are the results of a thorough reexamination of the general and specific policies followed since the Stalin period.

In a nutshell, the great changes in Gorbachev's internal and external policies are: Internally, he encourages economic restructuring and political "democratization" and "glasnost" in an effort to achieve an "accelerated development" in the Soviet society and catch up with economic, scientific, and technological development which the Soviet Union lags far behind. Externally, he proposes to approach the world and the competition between two systems by means of a "new thinking" in an effort to ease Soviet relations with the United States and the West and improve relations with other countries so as to extricate the Soviet Union's from isolation and gain a foothold in a more spacious and favorable international environment that is conducive to the "strategy for accelerated development" at home. This is why the Soviet Union has, since the fall of 1985, held four summit meetings and concluded the INF treaty with the United States, begun to withdraw Soviet troops from Afghanistan, and adopted other diplomatic initiatives.

The 19th CPSU Congress held in June this year indicates that Gorbachev continues to have the situation in the Soviet Union well in control, the restructuring program still develops, and the Soviet foreign policy based on the new thinking will be further implemented despite the fierce struggle between the strength for restructuring and the conservative force. Right after the 19th congress, the Soviet Ministry of Foreign Affairs held a discussion meeting to further criticize some of major postwar mistakes made in the Soviet Union. Gorbachev's policy basically caters to the objective needs for the social development in the Soviet Union. It looks like Gorbachev will continue to devote himself in relaxing the relations between the United States and the Soviet Union and between the East and the West as long as he is able to maintain his leading position and determined to carry out reforms in Soviet domestic and foreign policies.

While Gorbachev is making major readjustments in Soviet domestic and foreign policies, the United States has also made due changes in its policy in dealing with the Soviet Union. After taking a wait-and-see attitude, the Reagan administration held that the current domestic and foreign policies promoted by Gorbachev benefit the United States and the West. Therefore, it has basically adopted an affirmative and encouraging attitude.

Shultz said: "We watch the experiments of 'openness' and 'restructuring' in the Soviet Union with great interest and hope that the thinking of restructuring will bring about changes to relieve the United States of its worries." Reagan said it even more clearly. He expressed hope that "other countries would in some ways help" Gorbachev, because his measures for restructuring are aimed at solving those problems in the Soviet Union that we have always been criticizing. The positive attitude adopted by the U.S. Administration toward Gorbachev indicates that the United States will relax its relations with the Soviet Union in the days to come.

As compared with its supremely dominant U.S. position in world economy right after World War II, it is quite obvious that the present U.S. economy is "relatively weak." Particularly the huge double-digit deficit [as published] and the enormous national debts have weakened to a great extent the U.S. position as a superpower. The United States needs to correct these economic problems which have piled up over a long period. It also needs to relax its relations with the Soviet Union to devote more of its energy to improving its economy.

Moreover, the U.S. reduction of military expenditures will be inevitable from now on, since the American people now feel less threatened by the Soviet Union. In addition, the scandals about the waste of money and cases about embezzlement and bribery in military procurement by the U.S. Department of Defense were recently exposed. All this has spurred the United States to reach some kind of agreements with the Soviet Union on disarmament if possible.

Right now, many influential people inside and outside the U.S. Administration believe that the development of the international situation is conducive to the United States and the West. (Hayland), editor in chief of the quarterly journal FOREIGN AFFAIRS; and (Packard), director of the Research Institute on International Issues of the John Hopkins University both held that the United States "had already won the cold war." They believed that from now on, it will be less confrontational toward the Soviet Union, and it may use more political, economic, diplomatic, cultural and scientific and technological means and less military means to handle U.S.-Soviet relations; and develop the situation in its own favor. This is an important reason why the U.S. Administration is willing to maintain detente with the Soviet Union.

2. Another special feature of the new U.S.-Soviet detente is both sides are able to adopt a realistic approach. This is an important factor that contributes to the fairly stable relations between the United States and the Soviet Union. Reagan said: Right now, the U.S.-Soviet relations "have entered a stage of getting along with each other realistically." This kind of realistic approach is reflected in the following three aspects. First, both the United States and the Soviet Union have fully realized that "there should be no nuclear war;" that "there will be no winner in a nuclear war;" and that neither side should

have first strike capability. Since the first meeting between Gorbachev and Reagan in Geneva in 1985, both sides have reiterated this principle and use it to guide talks on arm control at each meeting thereafter. It is precisely for this reason that during the past 3 years, both sides have begun to take the path of truly reducing their nuclear arsenals. The talks on arms control aimed at reducing the strategic nuclear weapons by 50 percent in the near future will continue. In other fields of arms control such as conventional, chemical, and space weapons, both sides are also trying to reach some kind of agreements and set new rules for competition. For some time to come, a new arms race mainly aimed at improving quality of the weaponry and the talks on arms control with emphasis on reducing arsenals in quantity will be carried out at the same time. Secondly, both sides have accepted the four items on the agenda with regard to U.S.-Soviet relations—arms control, regional conflicts, the issue of human rights and bilateral relations. All this may lead to the improvement of U.S.-Soviet relations on a relatively broad basis. This situation differs from the detente of the 1970's which actually only involved arms control and bilateral relations. Shultz said: "The characteristics of U.S.-Soviet relations at present is to frankly admit the differences between the two sides and take the initiative to settle these differences within one's power so that both sides may peacefully deal with their differences while their competition continues to exist (this kind of competition will definitely continue).

Third, on the issue of hot spots, both sides continue to struggle against each other while exercising restraint so that regional conflicts are still under their control or influence, while on the other hand, both countries are still not involved too deeply. After Gorbachev made his decision to withdraw the Soviet troops from Afghanistan, the United States and the Soviet Union have increased their tacit mutual understanding and expressed a stronger desire to seek political settlement of the issues in the hot spots. Right now, a cease-fire is in effect in the Iran-Iraq war; all the parties involved have formally signed a cease-fire agreement in Angola; and frequent dialogues have been carried out on the Cambodian issue. In short, there is a tendency to seek political settlements on many long-standing issues and disputes. There is a possibility that a new situation may even prevail on the Palestine issue. The efforts made by both the United States and the Soviet Union to seek tacit mutual understanding and compromises on various issues in the "hot spots" are much different than the situation in the 1970's whereby the Soviet Union made use of detente for vigorous military expansion.

3. The third characteristic of the new detente between the United States and the Soviet Union is that both sides have actually established a multichannel mechanism for negotiation and dialogue. Dialogue between the United States and the Soviet Union can be carried out in unprecedentedly greater depth and breadth. All this is conducive to reducing confrontation and increasing mutual understanding and effecting compromise.

In less than 3 years, Reagan and Gorbachev have held four summit meetings. This is something unprecedented in the history of U.S.-Soviet relations. After the fourth summit meeting, Gorbachev said: The dialogue between the Soviet Union and the United States is developing. This is true both in depth and in breadth. Each meeting is more realistic than the previous one. He even held that political dialogue between the United States and the Soviet Union has topped all the realistic achievements made. During the same period, Shultz and Shevardnadze held 27 meetings. This is something rare. In addition, U.S. assistant secretaries of the state have held more than 20 meetings with Soviet deputy ministers of foreign affairs or various department directors under the ministry on various regional issues in Middle East, Afghanistan, southern Africa, Asia, and Latin America, basically forming a system of holding regular meetings on regional issues. The bilateral arms control talks between the United States and the Soviet Union held in Geneva is known to all. WASHINGTON POST reporter Don Oberdorfer called this kind of dialogue between the United States and the Soviet Union "the beginning of an unprecedented dialogue era." He believes that this dialogue will "help the two major powers in the world even more effectively than ever to enhance their mutual understanding."

It should also be pointed out that the mutual visits and meetings between U.S. and Soviet military leaders have attracted a great deal of attention. Since the Washington U.S.-Soviet summit meeting held at the end of 1987, there have been more exchanges of visits and dialogues between U.S. and Soviet high-ranking military leaders. As a member of the Gorbachev's entourage to visit the United States, Akhromeyev, chief of Soviet General Staff, held his official meetings with U.S. military leaders. Right after that, U.S. Secretary of Defense Carlucci and Soviet Defense Minister Yazov held their first meeting in Geneva in March this year to discuss issues on Soviet military theories and on arms control. During the U.S.-Soviet summit meeting in Moscow this spring, Carlucci again met with Soviet military leaders. In mid-July, Akhromeyev once again led Soviet high-ranking military leaders of the three branches of service to officially visit the United States. They also met more than once with U.S. high-ranking military leaders led by Crowe, chairman of the U.S. Joint Chiefs of Staff. They visited some top U.S. military installations and signed an agreement for military exchanges including the exchange of visits by military personnel and warships for a period of 2 years. In early August, Carlucci paid an official visit to the Soviet Union. He also visited some Soviet military installations which have never been open to the West before, and saw the latest Soviet "Blackjack" strategic bomber as well as the MiG-29 fighter. All these are unimaginable in the past in terms of U.S.-Soviet relations. It can be said that all this reflects from another angle the depth and breadth of the current relations between the United States and the Soviet Union.

3. The Prospects for the New Detente Between the United States and the Soviet Union

U.S.-Soviet relations have entered a new period of relative detente. However, we should also see the following: First, the new detente between the United States and the Soviet Union has not changed their attitude of treating each other as chief rivals and the nature of contention and "at times even hostility" in their relations. Second, they have just entered this new period. The period is only 3 years long if we regard the first U.S.-Soviet summit meeting in 1985 as its beginning. It is even shorter if we regard the actual breakthrough in their relations—the conclusion of the U.S.-Soviet INF Treaty in 1987 or the start of Soviet troop withdrawal from Afghanistan in the spring of 1988—as its beginning. Therefore, the new detente between the United States and the Soviet Union will still undergo some ups and downs in the days to come.

First, the distrust and misgivings developed over a long time between the United States and the Soviet Union and between the East and the West definitely could not have been eliminated by the four U.S.-Soviet summit meetings in a short period of 3 years. Next, although the new Soviet leadership headed by Gorbachev will continue their current line and policies, we cannot rule out the possibility of temporary reversals and twists and turns in the course of their implementation of the line and policies. If the reversals and twists and turns do happen, they will surely affect U.S.-Soviet relations. Third, an important view in the United States at present is that the current situation is favorable to the United States, and that the Soviet Union needs U.S. support more than the United States needs Soviet support. Therefore, the United States usually will exert pressure on the Soviet Union and demand more concessions. If the United States goes too far in this regard, a strong reaction from the Soviet Union is inevitable, and the bilateral relations will be affected. Fourth, other factors of instability in the world also can have a negative impact on the U.S.-Soviet relations. Despite the aforesaid circumstances, there is an irresistible trend that the people in the world today want peace and development. Under this situation, the United States and the Soviet Union, while continuing to contend with each other, will consider their own long-term interests, use their dialogue mechanism, continue to assume a realistic attitude, reduce confrontation, and increase dialogue. This will be a basic trend that will continue at least until the end of this century or early next century.

United States & Canada

U.S. Mission Helps Guizhou Eliminate Leprosy
OW0212090488 Beijing XINHUA in English
1456 GMT 29 Nov 88

[Text] Guiyang, November 29 (XINHUA)—An American leprosy mission has discovered that a hospital established by its predecessors in 1937 is still flourishing in the remote mountains of Guizhou Province in Southwest China.

The American organization had lost touch with the hospital for 38 years, and assumed that it had been closed down decades ago.

The first hospital to treat lepers in the province, the Salaxi Leprosy Hospital, was built by German Christian missionaries in Bijie County, Northwest Guizhou, around 1940, and an American doctor took charge of it in 1946.

One of China's poorest provinces, the mountainous subtropical Guizhou region has a mild climate with abundant rainfall, and a long history of leprosy among its population.

The primitive area lacked both education and medical treatment, and people regarded lepers with the terror and loathing normally reserved for tigers or wolves.

Unfortunate sufferers from the disease were either burned to death or driven deep into mountains.

In 1937, when the missionaries learned that three lepers were to be burned in Bijie County, they rushed to persuade county officials not to kill them.

The missionaries then built a small treatment clinic 30 kilometers away from the county in the remote Salaxi Mountains, and began to treat them as best they could.

Using funds obtained from international charitable organizations, this small, primitive clinic eventually evolved into the first leprosy hospital in Guizhou Province.

An American doctor, E. S. Fish, came to Salaxi from the Kaulapa Leprosy Hospital in Hawaii to take charge of the hospital in 1946, and introduced new drugs such as promin and diazote in the treatment of his patients.

As a result, the hospital became well-known in China for the number of patients who were cured and discharged.

After Dr. Fish returned home in 1950, the Salaxi Leprosy Hospital broke off all contact with the outside world.

The new American delegation, headed by Dr. John Sama, was surprised and impressed to find that the hospital is not only well-run today, but has established the only medical school in China specializing in the control and treatment of leprosy.

Liu Guocai, head of the Guizhou branch of the China Anti-Leprosy Society, said that in addition to launching a massive anti-leprosy campaign, Guizhou Province has formed an entire leprosy control and treatment network.

Using 1,000 specially-trained doctors and nurses, the province has established two special hospitals, and 62 "leper villages" and every prefecture, county and township now has its own skin disease prevention and control research institute.

Since 1982, the provincial government has increased its special funds for leprosy control, until it now spends 1.6 million yuan a year on combatting the once-dreaded disease.

As a result, the number of lepers in the province has dropped from 0.066 percent in 1981 to 0.021 percent last year, and 15 counties and cities have reported that they have "basically eliminated" leprosy.

The visiting American delegation was invited in October by the China Anti-Leprosy Society to make a feasibility study of the possibilities for further treatment facilities in the area.

During their visit, the American doctors were impressed by the hard work and spirit of the Chinese medical staff, especially in the light of the province's poor conditions—in which one-fifth of its 30 million people live well below the national standard.

The delegation has pledged to offer Guizhou 1.9 million U.S. dollars in aid, to help eliminate leprosy by 1992.

Soviet Union

Qian Qichen Continues Moscow Visit, Talks

Discusses Cambodia

OW0112164088 Beijing XINHUA Domestic Service in Chinese 1556 GMT 1 Dec 88

["Local News Broadcast Service"]

[Text] Moscow, 1 Dec (XINHUA)—Chinese Foreign Minister Qian Qichen and Soviet Foreign Minister Shevardnadze held first round of talks at the Soviet Foreign Ministry this afternoon.

The Chinese and the Soviet foreign ministers first had a brief private conversation. Then the two foreign ministers and diplomats of the two countries began formal talks. Yu Hongliang, Chinese ambassador to the Soviet Union, and Troyanovskiy, Soviet ambassador to China, attended the talks.

The two foreign ministers discussed topics including international issues, as well as issues on bilateral relations and regional conflicts. The Cambodian issue was an important topic of the talks.

First Round Talks End

OW0112191688 Beijing XINHUA in English 1905 GMT 1 Dec 88

[Text] Moscow, December 1 (XINHUA)—Chinese Foreign Minister Qian Qichen and his Soviet counterpart, Eduard Shevardnadze, this afternoon ended their first-round of talks focusing on normalizing Sino-Soviet relations and the Kampuchean problem in particular.

During their two and half hours of talks, the two ministers exchanged views "in a businesslike and frank way," reliable sources here said.

No details have been disclosed by the two sides.

After the talks, the Chinese minister went to the Bolshoi Theater to watch the Soviet ballet "Sleeping Beauty." The theater is located in the center of the Moscow city.

Qian, who arrived in Moscow earlier Thursday, will continue his talks with Shevardnadze Friday and Saturday. Soviet leader Mikhail Gorbachev is scheduled to meet with Qian Friday.

Qian Cited on SRV Withdrawal
OW0212023288 Beijing XINHUA in English
0151 GMT 2 Dec 88

[Text] Moscow, December 1 (XINHUA)—China said today that the key to the settlement of the Kampuchea problem is establishing a timetable for the withdrawal of Vietnamese troops accepted by all parties.

Qian Qichen, the first foreign minister to visit Moscow in 31 years, held the first round of talks on the Kampuchea issue with Soviet Foreign Minister Eduard Shevardnadze today.

The Kampuchea issue has been a major subject of discussion between the two countries for the past several years, and Qian said that the two sides have expressed the hope that the Kampuchea issue will be solved in a fair and reasonable way and that Vietnam will pull out its troops from Kampuchea as soon as possible.

Qian proposed in the meeting that all countries stop their military aid to all parties in Kampuchea after the Vietnamese withdrawal from the country, a move that he said would guarantee peace and stability in Kampuchea.

For China's part, Qian said, it has been supporting the three resistance forces in Kampuchea in their antiaggression struggle. Such support would no longer be necessary after the complete pullout of the Vietnamese troops from Kampuchea, Qian said.

Qian stressed that China does not support any Kampuchean faction that might engage in civil war. He said that after it has withdrawn, Vietnam should also end military assistance to the forces of Heng Samrin and Hun Sen.

China also hopes that the Soviet Union will stop supporting Vietnam in its invasion of Kampuchea, he said.

Differences between the two sides also arose during the discussions and the two foreign ministers agreed to set up a panel for further discussion on an early and just solution to the Kampuchea issue.

Gorbachev on Sino-Soviet Summit
OW0212113288 Beijing XINHUA in English
1056 GMT 2 Dec 88

[Text] Moscow, December 2 (XINHUA)—Soviet leader Mikhail Gorbachev said today he will discuss with Chinese Foreign Minister Qian Qichen the issue of a Soviet-Chinese summit meeting.

Before his talks with the Chinese foreign minister in the Kremlin this morning, Gorbachev answered several questions asked by foreign correspondents. Asked about the result of yesterday's talks between Qian and his Soviet counterpart Eduard Shevardnadze, Gorbachev said "I was busy with the political reform yesterday. But I think everything proceeded well and normally."

Asked when a Chinese-Soviet summit meeting will be held, Gorbachev said: "We'll discuss it now. I believe that it accords with the interests of the peoples of our two countries."

He added that although there was a period when Soviet-Chinese relations were not good, the two peoples did not lose their interest in each other and had always had friendly feelings for each other. The peoples have kept their feelings for mutual respect. And this is very important since we are neighbors, socialist countries. We are glad that our relations are improving."

The meeting between Gorbachev and Qian Qichen began at 11:00 Moscow time. Shevardnadze and Chinese Ambassador to Moscow Yu Hongliang took part in the meeting.

Qian arrived here Thursday for an official visit.

Gorbachev Meets Qian
OW0212094188 Beijing XINHUA in English
0926 GMT 2 Dec 88

[Text] Moscow, December 2 (XINHUA)—Soviet leader Mikhail Gorbachev met with visiting Chinese Foreign Minister Qian Qichen in the Kremlin at 11:00 Moscow time today.

Soviet Foreign Minister Eduard Shevardnadze and Chinese Ambassador to the Soviet Union Yu Hongliang were present at the meeting.

'Commentary' on Sino-Soviet Ties
BK0212101988 Beijing in Cambodian to Cambodia
1030 GMT 1 Dec 88

[Unattributed commentary: "An Important Issue in Sino-Soviet Relations"]

[Text] Chinese Foreign Minister Qian Qichen will pay an official visit to the Soviet Union from 1 to 3 December. Afterward Soviet Foreign Minister Shevardnadze will

visit China. These will be the first visit by Chinese and Soviet foreign ministers since the two countries' relations travelled tortuous roads in the past decades.

Everyone knows that Sino-Soviet relations have followed a bumpy road. Since the 1980's, the two countries' relations have gradually improved. In October 1982, Chinese and Soviet deputy foreign ministers started political consultative talks on normalizing the two countries' relations. So far, two rounds of talks have been held. In February 1987, the two countries resumed border talks interrupted 9 years ago. The two countries' diplomatic representatives began talks on the long mutual border and made some progress.

Over the past few years, the two countries' deputy prime ministers have exchanged visits. As for the relations between the two countries' National Assemblies, they have also been restored. Economic, cultural, educational, and sports relations have greatly developed. However, Sino-Soviet relations are not yet normalized, the main reason being three major obstacles.

In 1982, China clearly said if Sino-Soviet relations are to be significantly improved, the Soviet Union should eliminate three major obstacles which really threaten China's security. Soviet troops deployed along the Sino-Soviet border and in the Mongolian People's Republic should be reduced and withdrawn; Soviet troops should be withdrawn from Afghanistan; and the Soviet Union should stop supporting Vietnam in its aggression in Cambodia. In the past 2 years, although there were some moves and concrete measures favorable to the elimination of these obstacles, the issue is still not yet completely resolved. The most important issue is the current threat to security in Southeast Asia caused by Vietnam's armed aggression against Cambodia. China has already said it hopes that the Soviet Union will make more concrete efforts in urging Vietnam to pull out all its troops from Cambodia and in quickly solving the Cambodian problem justly and reasonably.

If the talks between the Chinese and Soviet foreign ministers goes well, particularly if they produce concrete results on the Cambodian issue, the summit of the two countries' leaders would soon be held which would lead to the normalization of the two countries' relations. Normalizing Sino-Soviet relations is in line with the two countries' basic interests and also responds to the ardent aspiration of the Chinese and Soviet peoples. China and the Soviet Union are currently carrying out reforms in every field to speed up economic development and social affairs in each country. For this reason, a peaceful environment worldwide, and in particular coexistence with neighboring countries, is needed.

The normalization of Sino-Soviet relations of course does not mean that relations and alliance will be restored to what they were in the 1960's. China adheres to an independent foreign policy of peace and does not ally with any superpowers or any groups of countries. This is

the country's long-standing policy. The course of events has shown that the five principles of peaceful coexistence is the most enduring and it is able to withstand the test of time in solving the two countries' relations. The five principles are: respect for each other's sovereignty and territorial integrity, nonaggression against each other, noninterference in each other's internal affairs, equality and mutual benefits, and peaceful coexistence.

In accordance with this principle, China has established friendly and cooperative relations with different regions and with countries with different social regimes. Sino-Soviet relations should also be friendly and established on the basis of the 5-point principle of peaceful coexistence. The international situation is gradually relaxing. Dialogue has already become a major current trend. By achieving the normalization of state relations in accordance with the five principles of peaceful coexistence along with the current trend of dialogue, the two superpowers—China and the Soviet Union—will certainly contribute to making peace in the Asia-Pacific region and the world.

Northeast Asia

Former Japanese Foreign Minister Visits Beijing

Meets Tian Jiyun, Wu Xueqian

OW0112170588 Beijing XINHUA in English
1023 GMT 1 Dec 88

[Text] Beijing, December 1 (XINHUA)—Chinese Vice-Premiers Tian Jiyun and Wu Xueqian respectively met Yoshio Sakurachi, president of the Japanese Society for the Promotion of Foreign Trade, and his party, here this afternoon.

Tian briefed the Japanese guests on China's rectification of economic environment and straightening out of economic order, as well as its endeavor to develop agriculture.

Wu and Sakurachi discussed the Sino-Japanese relations, Japan-U.S. relations and Sino-Soviet relations.

Zhang Jingfu, Standing Committee member of the Chinese Communist Party Central Advisory Commission, also met Sakurachi this morning.

Further on Tian Meeting

OW0212021888 Tokyo KYODO in English
0121 GMT 2 Dec 88

[Text] Beijing, Dec. 2 KYODO—Chinese Deputy Premier Tian Jiyun told former Japanese Foreign Minister Yoshio Sakurachi on Thursday [1 December] that "considerable effects" are expected in the next 2 years of China's policies to restrain the overheating of its economy.

Tian, in a meeting here with Sakurachi, said foreign investments will not be deterred by the outcome of these policies, Japanese sources said.

Tian acknowledged responsibility on the Chinese side over recent problems concerning exports from China to Japan, but did not specify what countermeasures China will take to avoid further confusion.

Since China launched policies to adjust overheating of its economy and control inflation earlier this year, or products already contracted to be exported to Japan have not been sent [sentence as received]. The stoppages have particularly affected Japanese imports of pig iron, aluminum, and nickel from China.

Tian stressed that China's policies of restraint will not have a negative impact on foreign businesses in China. He said China welcomed more foreign investment, especially now that inflation is hampering active economic measures by domestic businesses.

He also said the strategy of developing coastal economic zones to foster manufacturing industries for export was being hampered by a lack of raw materials, which was another reason why foreign investment was important.

Tian requested Japan's cooperation in development of the Xanjiang Plain, in Heilongjiang Province and the Xanhe Plain that stretches from Shandong Province to Anhui Province in central China. These two regions have been designated by the government in its economic development plan as the major source of food production. Sakurachi agreed to propose more participation by Japan.

Meets Deng Xiaoping

OW0212113388 Beijing XINHUA in English
1044 GMT 2 Dec 88

[Text] Beijing, December 2 (XINHUA)—Senior Chinese leader Deng Xiaoping today proposed establishing a new international political order based on the five principles of peaceful co-existence.

Deng made the proposal while meeting a delegation from the Japanese Association for the Promotion of International Trade headed by its President Yoshio Sakurachi.

Deng spoke of the trend of confrontation turning into dialogue, and tension into relaxation, in current world politics. "An end has to be put to hegemonism, including superpower hegemonism and regional hegemonism, and bloc-politics," Deng said to the former Japanese foreign minister.

Deng stressed that the five principles of peaceful co-existence formulated at the 1955 Bandung Conference should become universal principles to guide country-to-country relations.

He suggested researchers on international strategies take the five principles as the basis for the new international political order.

He expressed the belief that harmonious political relations could be established between countries and continents on such a basis.

Sakurachi asked Deng about Chinese Foreign Minister Qian Qichen's current visit to the Soviet Union.

Deng said that there is no reason why China and the Soviet Union should not improve their relations. The improvement of Sino-Soviet relations will not affect the continued development of China's friendly relations with other countries.

However, he said, the Sino-Soviet relations will not be restored to that in the 1950s. The new relationship should be based on the five-principles of peaceful co-existence.

Sakurachi expressed pleasure over the new development of Sino-Soviet relations.

During the 40-minute meeting, Deng also talked about questions on Hong Kong, Taiwan and the development strategy on the mainland.

He stressed that the "one country, two systems" concept is the only feasible approach in recovering China's sovereignty over Hong Kong and in realizing the reunification with Taiwan.

Even after China recovers its sovereignty over Hong Kong in 1997, Deng said, the "one country, two systems" policy will not change.

He told the visitors that China's policies of reform and opening will not change despite any trouble such as the current inflation and price hikes.

China will overcome these problems with its own efforts and international cooperation, he said, adding Japan is welcome to transfer technology to China and make investment in his country.

Sakurachi told Deng that his association is following closely the construction of Hainan Island and other special economic zones in China and hopes for more economic cooperation between the two countries.

Further on Deng Meeting

OW0212123788 Beijing Television Service in Mandarin
1100 GMT 2 Dec 88

[From the "National News Hookup" program]

[Text] [Video shows Deng Xiaoping shaking hands with a group of Japanese visitors] Chairman Deng Xiaoping met with a delegation from the Japanese Association for the Promotion of International Trade headed by its president, Yoshio Sakurachi, this morning at the Great Hall of the People.

[Video cuts to closeups of Deng and Sakuruchi sitting, holding talks] Referring to Sino-Soviet relations, Deng Xiaoping said: The five principles for peaceful coexistence adopted at the Bandung Conference should become universal principles to guide country-to-country relations. The comradely and allied ties between China and the Soviet Union in the 1950's are out of date. It is now necessary to form new relations in line with the five principles for peaceful coexistence.

Deng Xiaoping said: There is no reason why China and the Soviet Union should not improve their relations. However, our relations will not be restored to that of the 1950's.

He said: There has now emerged a new international situation with confrontation turning into dialogue and tension into relaxation. It appears that a new thesis—the thesis of a new international political order—should be put forth.

Touching on the domestic situation, Deng Xiaoping said: The concept of one country, two systems was put forth on the basis of China's actual conditions. This principle will not change.

He said: The policies of reform and opening to the outside world are our development strategies. We have done so for a decade, which should be described as a decade of success. Despite encountering some tentative troubles, the policies of reform and opening to the outside world will not change.

Liang Buting Meets Visiting JSP Officials
SK0212085788 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Dec 88

[Text] On the evening of 1 December, Liang Buting, secretary of the Shandong Provincial CPC Committee, cordially received at the Nanjiao Guesthouse the five-member Japanese delegation headed by Mr. (Tsurada Teru), member of the central executive committee of the Japanese Socialist Party (JSP) and director of the party's National Movement Bureau, to welcome them on their visit.

During the reception, Liang Buting delivered a speech in which he reviewed the history of friendly contacts between the CPC and the JSP and stated: In the view of our province's economic development, we sincerely hope that cooperation and exchanges at all levels and with multiple forms between the two parties should be carried out. I am convinced that your visit will certainly be favorable to score achievements in some cooperative fields.

In his speech, Mr. (Tsurada Teru) expressed that Japan is able to join in the cooperative projects in various fields with Shandong Province and to dispatch its technical personnel to conduct technical guidance in the province. He hoped that the friendship between the two parties can be enhanced from now on.

Attending the reception were Lu Maozeng, deputy secretary of the Shandong provincial party committee; Zhao Zhihao and Li Chunting, vice governors of the province; and responsible persons from the relevant departments under the provincial people's government.

Figures Indicate Increase in Sino-Japanese Trade
OW0212061988 Beijing RENMIN RIBAO in Chinese 26 Nov 88 p 7

[Text] Tokyo, 22 Nov (XINHUA)—Sino-Japanese trade will set a new record this year, and the trade surpluses Japan has enjoyed over the past 5 years will be reversed, says a person from Sino-Japanese trade circles here.

According to figures released by the Japanese Finance Ministry, Japanese export to China from January to October was \$7.46 billion dollars, up 14.5 percent over the same period last year. Import from China was \$8,117 million dollars, an increase of 36.3 percent over the same period last year. The total volume of bilateral trade during that period was \$15,577 million dollars, up 24 percent over the corresponding 1987 period.

Trade departments here note that if the trend continues, the situation of surpluses on the part of Japan and deficits on the part of China over the past 5 years will be reversed.

Southeast Asia & Pacific

Vietnamese Foreign Ministry Holds News Briefing

Rejects Sihanouk's Peace Plan
OW0112184088 Beijing XINHUA in English 1506 GMT 1 Dec 88

[Text] Hanoi, December 1 (XINHUA)—Vietnam has turned down Samdech Norodom Sihanouk's latest proposal for peace in Kampuchea.

Ho The Lan, spokeswoman for the Vietnamese Foreign Ministry, said at a press conference here this afternoon that the five-point proposal Sihanouk offered in Paris three weeks ago "is not a positive" one for a peaceful solution to the Kampuchean issue.

Sihanouk presented the plan during talks with Hun Sen, premier of the Phnom Penh Government that is backed by Vietnam. His proposal was published in Paris on November 29. In it, Sihanouk criticized Hun Sen and demanded that Vietnam withdraw all its troops from Kampuchea.

The Foreign Ministry spokeswoman said that "the five-point proposal of Mr Sihanouk has put forth conditions for Hun Sen. So we should wait for Hun Sen's opinion."

Cam Ranh Bay Sovereignty Reasserted
OW0112181688 Beijing XINHUA in English
1454 GMT 1 Dec 88

[Text] Hanoi, December 1 (XINHUA)—Ho The Lan, spokeswoman of the Vietnamese Foreign Ministry, reasserted Vietnam's sovereignty in Cam Ranh Bay.

Vietnam does not presently allow foreigners to visit the bay.

The spokeswoman made this statement at a press conference here this afternoon.

When XINHUA asked her to confirm reports of a statement made by Vietnamese Deputy Foreign Minister Tran Quang Co saying that Vietnam will open Cam Ranh Bay to all countries, including the United States, she said Cam Ranh is a Vietnamese base which naval forces of friendly countries can visit.

Because of the friendship between Vietnam and the Soviet Union, she said, Vietnam has agreed to let the Soviet Navy use the port of Cam Ranh.

Asked if Vietnam allows foreign correspondents based in Hanoi to visit the bay, she said, "Some places in other countries, including China, are closed to foreigners. This does not mean that the sovereignty of those places does not belong to those countries."

SRV Communique Announces Cambodian Withdrawal
OW0112184388 Beijing XINHUA in English
1557 GMT 1 Dec 88

[Text] Hanoi, December 1 (XINHUA)—Vietnam will withdraw the rest of its troops from Kampuchea in mid-December, the Vietnamese Defense Ministry announced today.

The Ministry said in a communique that Vietnam has withdrawn 32,000 troops from Kampuchea since June.

It said Hanoi and the Phnom Penh regime have decided to withdraw 18,000 more Vietnamese troops between December 15-21. These include six infantry divisions and their headquarters.

Diplomatic observers here said they are skeptical about Vietnam's announcement of a withdrawal unless it is accompanied by international supervision.

Hanoi has refused to agree to a quick timetable for early withdrawal of its troops from the occupied Kampuchea under international supervision.

Vietnam originally said it would remove all of its troops from Kampuchea by 1990. But Democratic Kampuchea and the Association of Southeast Asian Nations have demanded that the Vietnamese leave before then. Vietnam invaded Kampuchea in 1979.

Near East & South Asia

'Feature' Views Jewish-Arab Division in Israel
OW0112194288 Beijing XINHUA in English
1529 GMT 1 Dec 88

["Feature: A Boundary Line Not To Be Crossed Out"—XINHUA headline]

[Text] Cairo, November 30 (XINHUA)—On the wall of an Israeli waiting room at the entrance to the occupied lands hangs a map which one finds bearing no boundary line between Israel and the occupied territories (West Bank and Gaza Strip).

On the information desk of a hotel in Jerusalem, the map of the city once again is without a boundary between its east and west parts, where Arabs and Israelis separately live.

Obviously, the Israeli authorities have purposely removed those boundary lines.

Moreover, the boundary wall which once divided Jerusalem into east and west, is gone, having been reportedly demolished by Israel in 1967 when it seized the eastern sector from Jordan.

And it is true that one does feel free in moving between Israel and the occupied lands, between the east and west of Jerusalem.

It seems, therefore, that the boundary between Israel and the occupied lands, between east and west Jerusalem, have truly disappeared.

But a tour of these areas by this writer showed that a boundary line in fact does still exist—in outer appearances, in the economy, culture and religion, and in the minds of people living there.

In the western part of the city, apartments, fountains, statues, parks, five star hotels, nightclubs, and bars are scattered everywhere. Names of shops and street signs here are all in Hebrew, and occasionally in English.

The east part of Jerusalem, however, remains as it was before 1967: shabby buildings, narrow streets, and lots of stalls, with names all written in Arabic.

Arabs originally living in the west part of Jerusalem have now all been driven out, and Israeli soldiers, carrying loaded rifles, are constantly seen in the streets of the east. In fact, Israeli soldiers checking vehicles have become a common scene in the eastern part.

Though there is no visible dividing line between the east and the west, Jews in the street in the west seldom go into the eastern sector. If one wants to go there in a Jewish driver's taxi, he may hear the word "sorry". This is

because the driver is unfamiliar with the east part. But if he happens to be in a taxi driven by an Arab, he is likely to get cordial conversation from the driver.

When night falls, Jews living in west Jerusalem usually dare not walk in the streets of east Jerusalem for fear of being hit by stones. The limited number of Jews living in the east always arrive at home before nightfall. Banks set up by Jews in the east are all installed with iron doors. Despite this, one of the banks was still attacked by Arabs during the Israeli parliamentary elections.

On the outskirts of the eastern sector stands the old part of Jerusalem which is viewed by Jews, Christians, and Muslims as a holy place. For this small piece of land the three have been fighting for centuries, and the dividing line has been formed in their minds.

Meanwhile, there is also a striking contrast between the occupied lands and Israel proper.

Both sides of the road linking the Husayn Bridge and Jerusalem (via Jericho) are dotted with bare hills and valleys, and the bridge hangs over an atmosphere of wilderness. But in the places belonging to Israel proper there is a picture of prosperity.

The Israeli authorities are interested only in constructing roads and setting up resettlement points for Jews, but they are unwilling to invest money in projects for Arab use.

The Israeli Parliament announced in 1980 that the whole of Jerusalem, including both the Arab east and the Israeli west, is the capital of Israel. This denies the formal existence of a boundary line in the holy place.

Also, the Palestine National Council similarly announced on November 15 that Jerusalem is the capital of the newly-proclaimed Palestinian state, but without specifying the boundaries of the state.

Both practical-minded Palestinians and Israelis believe that only by demarcating the boundary line and mutually recognizing the other side's right to exist, can the Palestinians and the Israelis live in peace.

Certainly, this is the most difficult line to mark and yet it has to be done and it must be done somehow.

Gandhi Anticipates Visit, Calls for 'Rapport'
OW0112193288 Beijing XINHUA in English
1553 GMT 1 Dec 88

[Text] New Delhi, December 1 (XINHUA)—Indian Prime Minister Rajiv Gandhi today said that India and China should establish rapport in the context of global situation and future development.

During his meeting with Chinese Ambassador Tu Guo-wei, the prime minister said he is looking forward to his China visit later this month.

"It would be a very important visit for this globe, for Asia and for both of us," Gandhi stressed.

He said India and China are big countries with huge populations accounting for over one third of the world's total. "Asian security depends heavily on the two countries," he said.

On bilateral relations, the prime minister said, for solution of border problem, a lot of back-up work can be done in softer areas such as culture, science and technology and rural development.

People-to-people cooperation in these fields, if done well, will make the solution of border problem easier, he said.

Li Peng Congratulates Bhutto on Premiership
OW0212154488 Beijing XINHUA Domestic Service
in Chinese 1409 GMT 2 Dec 88

[“From Local Broadcast News Service”]

[Text] Beijing, 2 Dec (XINHUA)—Li Peng, premier of the State Council, sent a message today to new Pakistani Prime Minister Benazir Bhutto, congratulating her on her assumption of the premiership.

The message stated: “At the time of your glorious assumption to the post of prime minister of the Islamic Republic of Pakistan, I extend warm congratulations to you on behalf of the Chinese Government and people and in my own name.”

The message said: “I believe that during your premiership, with the joint efforts of the two sides, the friendly and cooperative relations between China and Pakistan and the traditional friendship between the two peoples are bound to be further consolidated and developed.”

Spokesman on Bhutto Appointment
OW0212101588 Beijing XINHUA in English
0857 GMT 2 Dec 88

[Text] Beijing, December 2 (XINHUA)—China extends warm congratulations to Ms Benazir Bhutto on her appointment as prime minister of Pakistan, a Chinese Foreign Ministry spokesman said here today.

In answering a reporter's question concerning China's comment on Ms B. Bhutto's appointment, the spokesman said, “China and Pakistan are close and friendly neighbours. We believe that with the joint efforts of the governments and peoples of the two countries, the existing friendly relations and cooperation between China and Pakistan will be further consolidated and continue to develop.”

Relief Aircraft Return From Bangladesh Floods
OW0212082088 Beijing XINHUA in English
1038 GMT 29 Dec 88

[Text] Beijing, November 29 (XINHUA)—Four Chinese aircraft sent to rescue flood victims in Bangladesh at the invitation of that country's Government have now returned to China.

The airborne rescue effort marked the first time that the Chinese Government has sent its aircraft to disaster-afflicted areas of other countries, a government official told XINHUA today.

The four aircraft, a transport plane and three helicopters, flew to flood-stricken areas in early September after successive floods devastated Bangladesh last summer.

The Chinese planes airdropped 306 tons of relief supplies and flew 244 Bangladesh officials into the afflicted areas.

In more than 2 months of virtually nonstop flying, the Chinese pilots worked 12 hours a day, despite the physical discomfort caused by a harsh climate and unfamiliar environment, the official said.

Their service won high praise from Bangladesh Government officials and the pilots were received twice by President Hussain Mohammad Ershad before they left the country.

The floods affected 30 million people and destroyed thousands of roads, bridges, and houses, according to local reports.

West Europe

Liao Hansheng, NPC Delegation Visits Cyprus

Meet Parliament Leader
OW0112113188 Beijing XINHUA in English
0228 GMT 1 Dec 88

[Text] Nicosia, November 30 (XINHUA)—Liao Hansheng, head of the Chinese delegation from the Standing Committee of the National People's Congress (NPC) today told the acting president of the Cypriot parliament that China will give consistent support to the independence, sovereignty, territorial integrity and unity of Cyprus.

Acting president of the Cypriot parliament Yeoryios Ladhas met the Chinese NPC delegation which arrived here on Tuesday [29 November] for a four-day official visit to the country. During the meeting, both sides expressed satisfaction with the development of friendly relations between China and Cyprus since the two countries established diplomatic relations 17 years ago.

Ladhas briefed the Chinese visitors on the Cyprus problem and called on China to help promote a successful outcome of the recently-resumed intercommunal dialogue in Cyprus.

Speaking at a dinner given by Ladhas, Liao said that the Chinese Government and people were greatly concerned with the Cyprus problem. He expressed the hope that Cyprus' "two communities and all parties concerned can find a just and equitable solution to the Cyprus problem through patient negotiations in accordance with relevant U.N. resolutions."

The NPC delegation will continue their contacts with parliament groups of Cypriot political parties on Thursday, and will call on Cypriot President Yeoryios Vasilou in the evening.

They will tour other towns of the island before their departure on Friday afternoon.

Meet Foreign Minister
OW0112113688 Beijing XINHUA in English
0158 GMT 1 Dec 88

[Text] Nicosia, November 30 (XINHUA)—Cypriot Foreign Minister Yeoryios Iakovou told a visiting Chinese delegation today that his country attached great importance to the friendly relations between Cyprus and China, and hoped to improve such relations.

The seven-member Chinese delegation of the National People's Congress (NPC) led by Liao Hansheng, vice-chairman of the NPC Standing Committee, arrived in Cyprus Tuesday night for a four-day official visit.

Iakovou expressed thanks and appreciation of the Chinese Government's support in the United Nations and other international forums for independence, unity and sovereignty of Cyprus.

He said that China could play an important role in the international arena. One could never overlook the role played by China on international and regional issues, including the Cyprus issue, he added.

The Cypriot foreign minister briefed the Chinese visitors on the current situation in Cyprus and the recently-resumed intercommunal talks between President Yeoryios Vasilou and Turkish Cypriot leader Rauf Denktaş, with the aim of finding a lasting solution to the Cyprus problem.

On his part, NPC Vice-Chairman Liao Hansheng reiterated the Chinese Government's consistent support to the independence, sovereignty, territorial integrity and unity of Cyprus.

He expressed satisfaction with the resumption of intercommunal dialogue in Cyprus, "We hope that all problems, either between countries or between different communities within a country, can be solved through patient negotiations," he said.

President on Improved Relations
OW0212033588 Beijing XINHUA in English
0209 GMT 2 Dec 88

[Text] Nicosia, December 1 (XINHUA)—Cypriot President Yeoryios Vasilou today told a visiting Chinese delegation that his government wished to further strengthen the existing good relations with China.

The president expressed that he would like to visit the People's Republic of China, when he met with the Chinese delegation of the Standing Committee of China's National People's Congress (NPC) led by its Vice Chairman Liao Hansheng.

Vasilou briefed the Chinese visitors on the intercommunal dialogues between himself and Turkish Cypriot leader Rauf Denktash in an effort to reach an overall, negotiated settlement to the Cyprus problem and to reunify the island country.

A solution to the Cyprus problem would not only benefit the Cypriot people as a whole, but also benefit relations between Turkey and Greece, as well as peace and stability in this region, he said.

Referring to the Nonalignment [as received] Movement, Vasilou, as one of the founding members of the movement, said his country was ready to play an active role in the movement.

At the meeting, Liao briefed Vasilou on China's domestic and foreign policies and the reforms taking place in China.

He said that China welcomed the resumption of the intercommunal dialogue in Cyprus and sincerely hoped that the two sides could find a just and lasting settlement to their problem through patient negotiations.

The NPC delegation, which arrived here on Tuesday at the invitation of Cypriot Parliament, concluded their talks with parliamentary groups of Cypriot political parties today and will tour the southern coastal town Limassol Friday morning and leave for home in the evening.

Greek Party Leader Meets CPC Delegation
OW0112001188 Beijing XINHUA in English
1945 GMT 30 Nov 88

[Text] Athens, November 30 (XINHUA)—Greek Communist Party (KKE) General Secretary Kharilaos Florakis met here today with a visiting Chinese Communist Party (CPC) delegation and had a cordial, friendly talks with them.

The KKE leader briefed the Chinese guests on his party's development in the past 70 years of its existence as well as its view on the current political situation in Greece, sources close to the meeting said.

The four-member delegation, headed by the alternate member of the CPC Central Committee and deputy head of the CPC Liaison Department, Li Shuzheng, arrived here last Saturday [26 November] to take part in celebrations marking the 70th anniversary of the KKE's founding.

During the 80-minute talks, Li Shuzheng conveyed the CPC's anniversary congratulations to the KKE and invited Florakis to visit China at his convenient time.

The KKE leader accepted the invitation with pleasure and expressed the hope that his visit will further enhance the friendly relations between the KKE and CPC.

East Europe

Romanian Embassy Reception Marks Unification Day
OW0112165588 Beijing XINHUA in English
1035 GMT 1 Dec 88

[Text] Beijing, December 1 (XINHUA)—Angelo Miculescu, Romanian ambassador to China, hosted a reception at the embassy here today to mark the 70th anniversary of the Romanian national unification.

Zou Jiahua, Chinese state councillor and minister of machine-building and electronics industry, was among those present on the occasion.

Latin America & Caribbean

Outgoing Mexican President's Visit Slated
OW0212073188 Beijing XINHUA in English
0238 GMT 2 Dec 88

[Text] Mexico City, December 1 (XINHUA)—Outgoing Mexican President Miguel de la Madrid has accepted an invitation to visit China.

Qin Zhunda, China's chemical industry minister, extended the invitation during a dinner party given here Wednesday [30 November] by De la Madrid in honor of foreign officials attending the inauguration today of new Mexican President Carlos Salinas de Gortari.

Qin conveyed the greetings of Chinese President Yang Shangkun and Prime Minister Li Peng to the Mexican president and hailed his efforts to promote friendly ties between China and Mexico, especially after his visit to China in December 1986.

Officials Urged To Set Example in Honesty
HK0112052988 Beijing QIUSHI in Chinese
No 9, 1 Nov 88 p 46

[Article by Lin Xun (2651 1852): "A Brief Discussion on Honest Administration"]

[Text] The proposal for an honest administration is appealing to the ear and also has the support of the people. However, honest administration first requires honest officials. The calls for honest administration have been put forward in response to the various phenomena of corruption in organs of state power. These phenomena have often been created by the bureaucracy of leading cadres, their corruption and acceptance of bribes, and their conniving for their sons and daughters or family members being made official business operators or powerful speculators who engage in embezzlement to line their own pockets. Thus honest administration must begin with the leading cadres at various levels. Only when the leaders are honest can honesty be demanded from those under them. The leading cadres at all levels who propose honesty must show themselves to be models of honesty. Only when they are selfless and fearless will they have sufficient authority and daring to punish the corruption of those under them. Here I would like to provide a little data on the honesty advocated by Hai Rui and on his opposition to corruption, as reference material for everyone.

Hai Rui, a person of the Ming dynasty is a figure most people know. He was a famous upright official who remained honest and frugal all his life, while taking corrupt officials as his enemies. Initially, when he was appointed as an instructor in Nanping, he issued an instruction prohibiting his students from sending him presents. When he was appointed as magistrate in Chunan County, he prohibited the officials from giving presents. While he was a county official, on his mother's birthday he only "purchased two jin of meat." The word got around and the officials "found this very strange." Why did they "find this very strange?" Normally, the county magistrates, on their mother's birthday, used the occasion to solicit congratulatory gifts. However, Hai Rui only "bought two jin of meat." From instructor in Nanping, he was progressively promoted to secretary in the Ministry of Revenue and then eventually promoted to vice minister in the auxiliary Ministry of Personnel in Nanjing. Even though serving for decades as an official, he did not buy even one mu of land. In the 15th year of the Wanli reign, Hai Rui died in office. When his remaining possessions were examined, all that was found were a few liang of silver from his salary. When Wang Yongji, a censor in Nanjing, saw the simple residence in which Hai Rui lived, a place "even a poor scholar could not bear," he was moved to tears. It was because Hai Rui lived simply and was not selfish that he dared to strike at the rich and powerful and severely punish corrupt officials. He dared to cross governors, censors-in-chief and even the emperor.

The histories record that when Hu Zongxian was governor of Zhejiang and was obviously very powerful, his son, while passing through Chunan, beat and hanged the postal relay station officials who he claimed had not treated him properly. Hai Rui then ordered the confiscation of all the property he had obtained through presents and had it placed in the treasury. He also arrested Hu and sent him in custody to the office of the supreme commander. He also sent a letter to Hu Zongxian. The letter read: "In the past, Mr Hu, you sent instructions that no area which an official passed through was to make a pompous show of hospitality. Now, someone has passed through with many gifts collected on his travels. This certainly could not be your son." Hu Zongxian could neither laugh nor cry and just had to admit that he was out of luck. On another occasion, the censor-in-chief, Yan Maoqing, was on an inspection tour and collecting presents as he went along. He was so greedy that the people were left with nothing on which to live. Hai Rui did not want to let him come through Chunan and thus he wrote him a letter, saying: Your warrant requires you to "be frugal and not seek to be pleased." However, everywhere you go, you are extremely extravagant and certainly not frugal. Chunan is a small place and has insufficient means to support many carts and horses. On receiving the letter, Yan Maoqing was "extremely angered," veered around and turned away.

Hai Rui also held an extreme loathing for bribery. In the Ming dynasty, when county magistrates went to the capital, they could levy thousands of liang of silver from their communities and tithings to be able to bribe officials in the capital and obtain their goal of being recommended for promotion. Hai Rui never tried to bribe the officials in the capital and on the two occasions he did go, he only spent 48 liang of silver on travelling expenses. Whenever corrupt officials saw Hai Rui they were somewhat frightened and dared not accept bribes. In his latter years, Hai Rui went to take up a post as vice minister in the Ministry of Personnel in Nanjing. On hearing that he was soon to take up this appointment, some of the corrupt officials saw what was coming, resigned their posts and left. Some other powerful people were so afraid that they shut themselves up in their houses and dared not come out. One senior official who had abused his authority in the past, painted over his red gate and swiftly had it painted black in order to divert people's attention. The superintendent of the Batai bridge also swiftly reduced the number of bridge attendants by half.

The several examples given above from Hai Rui's life might today, when there are strong calls for honest administration, induce some deep reflection by leading comrades at various levels. Why does the phenomena of corruption occur in a country led by the Communist Party and which has a socialist society? How are such phenomena to be corrected? There are of course some quite complex social causes and historical factors which have to be dealt with. However, it is also important that

Communist Party members do not forget their status and constantly remember that a Communist Party member should be strict in thought and morals, be firm in disciplining themselves and should make efforts to achieve a change for the better bit by bit. In this respect, an idea which guided Hai Rui's thoughts and actions can provide us with reference: we should pay great attention to checking erroneous actions at the outset. As soon as he was appointed as an instructor, Hai Rui firmly prohibited his students from sending presents. Actually, students giving their teacher presents is not a very important matter. However, if such improprieties are not checked quickly, they will spread and become major problems. Throughout history and today, many corrupt officials have proceeded from minor impropriety to major corruption. In this way, one is either swept along in the same tide as the corrupt elements or one becomes a corrupt element oneself. It was only because Hai Rui was honest and upright as an official that he could stamp down upon many corrupt officials. Thereby uprightness was used to quell evil. If our leading cadres at all levels can also pay attention to "checking erroneous actions at the outset," it will naturally occur that an upright atmosphere will appear and those under the leaders will follow right and leave evil behind. However, today there are a few Communist Party leading cadres who use their power for personal benefit and engage in embezzlement to enrich themselves. Some, seeing their fellows and friends engaging in corruption and accepting bribes, appointing their children or relatives to official and business posts, engaging in profiteering, harming the state and harming the people will, if they do not act in collusion with them, at least shield them. Thus major infringements are reduced in seriousness and smaller matters are covered up completely. Thereby, the phenomenon of corruption expands without end. If these cadres were to read something on Hai Rui, and were to stir themselves and initiate a little honesty, they might just come to realize a little of the truth.

Drive To Improve Neighborhood Service Centers
HK0212010288 Beijing CHINA DAILY in English
2 Dec 88 p 1

[By staff reporter]

[Text] In a nationwide drive to improve neighbourhood service as advocated by the Ministry of Civil Affairs, grassroots-level offices of the people's government have gained control of their own affairs and great local progress has come about as a result. Some 1,000 community service centres have been set up to help the handicapped, the elderly, and children.

Sub-district offices are directly under the district government which in turn is subordinate to the municipal government. There are about 5,000 to 150,000 people.

Previously the ministry had been responsible for building houses for the elderly and orphans and providing facilities for the handicapped as well as having to cope

with whatever disasters might afflict the area. But the work load became so heavy, that it was decided to give the grass-roots offices their opportunity.

An official in charge of the ministry's Department of Urban Social Welfare said she believed that the development of local community service centres can also serve to develop harmonious relationships among local residents and help people to act together.

The Dewai Community Service Centre, housed in a stylish new two-storey building, is one of the six such centres in the western districts of Beijing. With an investment of about 250,000 yuan from government sources and residents, the centre runs a nursery for the aged where those who are able to work help those who cannot.

The centre also provides full-time or part-time domestic workers and baby sitters. It also organizes mutual-help activities. For instance, young people can help the retired by doing heavy physical work like delivering monthly grain rations or new furniture to their homes, while in return the retired can serve as baby sitters.

Such service centres usually have a clinic where full-time doctors and nurses are available to treat minor illnesses. Professionals in local hospitals regularly offer part-time help.

Neighbourhood activists organize lunch and after-school pastimes for children whose mothers and fathers are both away at work.

Government Launches 5-Year Program for Disabled
HK0112112988 Beijing CHINA DAILY in English
1 Dec 88 p 3

[By staff reporter Zhang Lin]

[Text] The Chinese Government will launch a massive programme to improve the quality of life of the country's 50 million disabled people.

The five-year programme, recently approved by the State Council, aims at improving educational opportunities, medical standards and employment conditions for the disabled as well as enhancing their cultural life and raising their social status.

Targets over the next five years include 500,000 cataract removals, 300,000 orthopaedic operations on polio victims, and giving hearing and speech training to 30,000 deaf children.

China has 3.47 million people who are blind because of cataracts, 1.83 million people suffering from the consequences of poliomyelitis, and 1.82 million deaf children under the age of 14.

Most of these disabilities could be overcome with proper treatment, said an official from the China Disabled Persons Federation.

Expenses for disabled persons who do not have free medical insurance which would entitle them to one of three rehabilitation projects will be covered by relief or funds earmarked for helping the poor with the approval of the relevant local departments.

The Ministry of Finance, China Social Welfare Lottery Committee and China Welfare Fund for the Handicapped will provide about 30 million yuan a year to the projects, Liu Xiaocheng, vice-president of the China Disabled Persons Federation, told CHINA DAILY.

Starting next year, mail in braille will be posted free of charge, he said.

Next year's work plan of the State Legislature Bureau under the State Council includes drafting new laws and regulations ensuring the rights and interests of the disabled, he said.

He said work should be expedited on a law on social security for the disabled for submission to the Standing Committee of the National People's Congress.

He said the programme will push for laws and regulations on labour safety and education for the disabled and for guidelines for road and public building designs with the convenience of the disabled in mind.

Democratic Promotion Association Elects Leaders
HK0212072788 Beijing RENMIN RIBAO in Chinese
29 Nov 88 p 1

[Dispatch by reporter Yuan Jianda (5913 1696 6671): "China Association for Promoting Democracy Elects New Leaders"]

[Text] Beijing, 28 Nov—Today, the Sixth National Congress of the China Association for Promoting Democracy changed the convention and adopted the method of direct voting to elect the chairman and vice chairmen of the association.

Lei Jieqiong, who was elected for the first time in 1987 at a national delegate conference of the association, was reelected as chairman of the Democratic Promotion Association. This female chairman was born in September 1905 in Taishan, Guangdong. She is vice chairman of the Seventh NPC Standing Committee, member of the Drafting Committee of the Basic Law for the Hong Kong Special Administrative Region, and vice chairman of the Drafting Committee of the Basic Law for the Macao Special Administrative Region. She is also a professor at Beijing University.

Zhao Puchu, Chen Shunli, Ge Zhicheng, Chu Zhuang, and Ye Zhihan were reelected as vice chairmen of the central committee of the democratic promotion association, and four other new vice chairmen were also elected today. They are 60-year-old Mei Xiangming, vice president of the Beijing Teachers' College, 51-year-old Chen Nanxian, professor of the Applied Physics Institute of the Beijing Science and Technology University, 46-year-old Feng Jicai, a writer in Tianjin, and 50-year-old Professor Deng Weizhi, a member of the editorial committee of the Shanghai Branch of the Encyclopaedia Publishing House. The congress also elected its second consulting committee composed of 59 old comrades, including Wu Ruoen.

Democratic Party Official Views Tasks of Party
HK0212031388 Beijing RENMIN RIBAO in Chinese
28 Nov 88 p 4

[Report by Yuan Jianda (5913 1696 6671) and Ge Haixia (5514 3189 7209): "Actively Participate in Construction, Promote the Reunification of the Motherland—A Basic Task Set Forth by the All-China Federation of Industry and Commerce"]

[Text] Beijing, 27 Nov—When delivering the work report to the Sixth National Conference of the All-China Federation of Industry and Commerce, Sun Fuling, vice chairman of the All-China Federation of Industry and Commerce, pointed out that the basic task of the All-China Federation of Industry and Commerce in the new historical period is: To unite the industrial and commercial circles to actively participate in socialist construction, safeguard the legitimate rights and interests of all the members of the All-China Federation of Industry and Commerce, and carry out economic contacts and friendly exchanges with foreign countries and regions under the guidance of the state policies of reform and opening up to the outside world so as to make contributions to the cause of building socialist modernization and promoting the reunification of the motherland.

Sun Fuling held that the All-China Federation of Industry and Commerce should play its role in the following five aspects: 1) Participating in discussions regarding major state social and economic decisionmaking and in consultations concerning certain economic policies; 2) representing the legitimate rights and interests of all the members of the All-China Federation of Industry and Commerce and smoothing out relations between the members of the All-China Federation of Industry and Commerce and the government; 3) giving full scope to the enthusiasm of the broad masses of the members of the All-China Federation of Industry and Commerce so as to enable them to serve the country's economic construction; 4) playing a self-regulatory role under the guidance of the state principles and policies of macroeconomic regulation and control; 5) actively developing contacts with foreign countries and regions and promoting the cause of opening up to the outside world.

Sun Fuling also disclosed that over the past 5 years, the All-China Federation of Industry and Commerce has actively participated in the political consultations and democratic supervision regarding the enforcement of some major state principles and policies. Over the past 5 years, the All-China Federation of Industry and Commerce has also put forward many views and proposals concerning the reform of the economic structure, the reform of the scientific and technological structure, the reform of the education structure, and some other types of reform. Attention has been paid to all these views and proposals by the party and the government. Recently, the All-China Federation of Industry and Commerce has also sent its members to participate in the work of supervising the process of improving the economic environment, rectifying the economic order, and straightening out corrupt phenomena within the party and state organs.

Together with the China Democratic National Construction Association, the All-China Federation of Industry and Commerce has also put forward proposals concerning the reform of the tea management and circulation structure and the reform of the foreign trade structure and on bringing the role of the People's Bank in macroeconomic regulation into play, and so on. Together with the China Democratic National Construction Association, the Chinese Peasants and Workers Democratic Party, and the State Pharmaceutical Administration, the All-China Federation of Industry and Commerce has also put forward proposals concerning the reform of the traditional Chinese medicine management structure and some other types of reforms. The relevant departments of the state have paid attention to and accepted all these proposals.

It is learned that some 156 members of the All-China Federation of Industry and Commerce are also members of the NPC or the CPPCC and that over 8,600 members of the All-China Federation of Industry and Commerce are also members of the people's congresses and CPPCCs at various levels.

University Students Now More Materialistic
HK0112051588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 47, 21 Nov 88 pp 17-18

[Article by Li Wu (7812 5617): "New Trend of University Students on the Mainland"]

[Text] Since the beginning of the year, some strange phenomena have appeared among the students at many universities: When someone is invited to give a lecture on the making of pickled vegetables there are usually more people in attendance than in lectures on current events and political affairs; being capable of making lengthy speeches or writing long articles on political affairs is not as fashionable as being capable of doing business; and the posters for academic activities are being gradually and quietly replaced by all kinds of

commercial advertisements... At the entrance to a post-graduate students' dormitory in a certain university in Beijing there is even a slogan saying: "We are unable to extricate ourselves from the pirate ship we have boarded."

People are trying hard to understand all this. Despite the efforts China's higher educational circles have made to improve and strengthen ideological and political work, university students are becoming more and more elusive than ever before. No wonder a leader of a certain university who has been engaging in ideological and political work for many years said recently at a high-level national seminar on ideological and political work: Although we have tried in various ways, the result is not as satisfactory as expected.

Showing Greater Concern for Their Own Concrete Benefits

After making wide-ranging contacts with the students, teachers, leaders, and political work cadres in universities, we feel that behind those abnormal phenomena there is a common driving force: The university students are showing a greater concern for their concrete benefits.

Before 1984, two popular slogans among the students were: "Unite To Rejuvenate China" and "Start With Me, Start This Moment." In 1985 and 1986 these slogans were replaced by "Regard the Destiny of Our Nation as Our Own Duty" and "Arouse the Masses." But this year we have heard another saying: "The Golden Phoenix in the Tree Is No Better than a Peanut Kernel in the Hand." It is true that more and more university students are now making a change in what they are doing in order to realize their own concrete benefits. The following are some expressions of this mental attitude:

First, their political enthusiasm is subsiding. A sample investigation in Zhejiang Province shows that current events and political affairs are no longer the focus of attention for university students. During the First Session of the Seventh NPC and the First Session of the Seventh CPPCC, only 34 of the 166 university students asked, or 20.5 percent, had paid attention to the news report on the "two meetings," and 43 of them, or 25.9 percent, did not "pay much attention" to the meetings or had "adopted an indifferent attitude" toward them. Some students had paid attention to the meetings only because the speeches of some delegates were closely related to the interests of the students. The main matters of interest to the students in order of precedence are: "Social position of intellectuals," "commodity prices," and "educational situation." The question of "building democracy" has now dropped to fifth place. The same conclusion can also be drawn from an investigation in Beijing. Very few students have shown an interest in and discussed the communique of the 3d Plenary Session of the 13th CPC Central Committee.

Second, doing business to earn money has become a new hot topic among university students. According to an investigation by a relevant department in Shaanxi Province, most students hold that the hot topic among university students is doing business. The main commodities the students are selling include brand-name wines and cigarettes, local products, garments, articles for everyday use, books, and stationery. Although only less than 5 percent of the students are engaged in commercial business, they win the approval and become the envy of many others. Since the beginning of the new term, many students have taken delight in talking about "who has earned a lot of money during the vacation," and "who has more channels for getting money?"

Third, they are paying great attention to matters concerning their graduation and assignment, showing particular interest in their material benefits when selecting jobs. The situations of Shanghai and Shaanxi show that almost all students are paying a good deal of attention to their graduations and assignments. Some new students begin to inquire about the assignments for their professions as soon as they get into the university. They say that this is aimed at "fixing quotas for production according to the market," or determining the purpose and attitude of their study according to the posts they will be assigned to. Most students hold that the "good posts" refer to those which have connections with the word "foreign"—in other words, in those posts where, in addition to a high income and good material benefits, they will also have an opportunity to go abroad. A postgraduate student of a certain university in Beijing said frankly: "You cannot find anyone of us who does not want to go abroad. Going abroad will bring us everything: an academic degree, a professional title, and economic benefits. What you do find is that we do not have such opportunities."

But what is the motivation for the students to pay more attention to their own concrete interests?

A Logical Choice

The rapid development of the commodity economy over the past few years has not only changed the economic appearance of Chinese society but also the way of life, concept of value, and normal conduct of the people. An obvious change is that people are showing unprecedented concern for their concrete interests. All this has naturally affected the mental attitudes and behavior of university students.

There are two more direct reasons the students show greater concern for their own concrete benefits.

The first reason is that after the two student movements, the universities are paying greater attention to increasing the quality of students' ideological and political education. In the past the students did not show much concern for their concrete benefits, but were more enthusiastic in political activities. This had something to do with the

ideological and political work in universities. If we carefully retrospect and examine the past we can find that the student movement in August 1985, with "patriotism" as its main objective, had certain relations with the patriotic education in the educational circles at that time. The main subjects of the education were: Fighting back in self-defense against Vietnamese aggression and commemorating the 40th anniversary of the victory of the War of Resistance Against Japan. At least, the education had created an atmosphere or a psychological environment for the student movements. But the student movement in the winter of 1986, with "democracy" and "freedom" as the main objective, had a certain relationship with the propaganda on reform of the political structure earlier. In a rather long period of time, ideological and political work in China's higher educational circles always encouraged and aroused, consciously or unconsciously, the consciousness and enthusiasm of university students for participating in political affairs. For example, it educated the students to support reform and throw themselves into reform. In principle, this is not wrong. However, two things were neglected. First, the building of socialist democracy is a rather long course. At present, the reality still cannot provide university students with an opportunity to suit their enthusiasm for participating in political affairs. Second, both the political quality and participation ability of the students are still rather weak. While educating the students to support and throw themselves into reform, the universities did not tell them how to do it and did not pay enough attention to helping them increase their political quality and participation ability. After the two student movements, some changes were made in the emphasis and content of ideological and political work in China's universities, including carrying out education among the students in political situations and policies and encouraging them to engage in more social practices and know more about the national situation. All this was aimed at improving their quality. A direct effect of the education was that the students had acquired more perceptual knowledge about the difficulties of reform and had recognized more conscientiously the defects in their own quality. Thus, their enthusiasm for participating in political affairs was proportionately weakened. Some radicals of the student movements admitted: "In the past we laid on a bed to design the blueprint for reform and shut ourselves in our campuses to make empty talk about democracy and freedom. We have thus divorced ourselves from reality." Some others admitted that they had overestimated the roles of university students in the building of democracy.

Another reason is: Since the second half of last year, reform of the assignment system for university graduates has been publicized and carried out step-by-step. For a long time in the past a policy of unified recruitment of university students by the state, the state providing all living and studying expenses for the students, and unified assignment of university graduates was used in our country. This was the system of the "iron rice bowl" and "everybody eating from the same big pot" for university

students. Under this system, the benefits of university students were taken care of by the state and could be realized only through the medium of the state. As the students did not have the right to choose their own benefits, they felt it was not necessary for them to consider such matters. They had to accept the jobs assigned to them. The first attempt last year was to turn the grant-in-aid system into the system of scholarship and student loans. Then, about half a year later, starting from a discussion on the difficulties in assigning university graduates, the reform of the assignment system for university graduates was gradually publicized and implemented. The main content of the new employment system was that the students, who were chiefly recommended by the school authorities, and the employing units would make a two-way selection of each other and the state would no longer monopolize the assignment. As a result of implementing this system, the students' ideas about their roles and their conduct are being fundamentally changed. The responsible persons of some universities have held that the influence of reform of the assignment system on university students is that it has introduced the mechanism of competition into the study and life of the students, forcing them to participate in the competition in personnel and labor markets, pay attention to their concrete benefits, and consider matters of their subsistence and development amid competition.

Reality Calls for Deepening Reform

According to people's logical understanding, since the students have to show greater concern for their own concrete benefits, they should also double their efforts. However, what some students have done is not as normal as they should. An investigation in a certain university in Liaoning shows that of the 6,000 students who entered the school at the beginning of this term, only 400 were reading professional books in libraries and reading rooms. The rest were reading novels and other magazines that had nothing to do with their professions. Another university of the same province should have recruited 500 postgraduate students this year, but it cannot fulfill this target though all kinds of methods have been tried. Moreover, some have asked to leave after being recruited. These are not isolated cases. A reason people feel it difficult to understand university students is that there exist some contradictions between the choice of value and the choice of conduct among the university students.

After contacting and talking with some students, we feel that the reason for those contradictions is that although propelled by various objective factors to make a logical choice, the reality has not yet provided them with a thoroughfare to realize their benefits and demands.

First, a good environment for the students to develop healthily still does not exist. Some unsatisfactory phenomena appearing in recent years have greatly influenced the students. Since the beginning of this term they have frequently talked about the questions of price

increases and corruption in society. The more they discuss such matters, the more they are dispirited. Their faith in reform and confidence in their future have also been shaken. They believe that their future is not determined by their efforts and diligence. Some more extreme views even hold that "without a strong backing, no one can become an official; without maotai, nothing can be done; and without outrageous conduct, no one can really become rich."

Second, the pay and other benefits for intellectuals are too low. The students generally hold that there is a serious discrepancy in the pay for mental and physical labor. Although the standard of living of intellectuals has increased, their economic position in society is dropping. This is especially the case for young intellectuals. The wages plus price subsidies for university graduates in the first year of work and the grant-in-aid plus some subsidies for postgraduate students are all less than 80 yuan. This is much lower than for other young people of the same age. It has directly affected the students' views on reform and their enthusiasm for study.

Third, there is no mechanism for fair competition in society. Quite a few students hold the following view on reform of the assignment system for graduates: Judging from a long-term point of view, reform of the assignment system for graduates is in conformity with the orientation of our development, but before an external environment is created in our society for competition on an equal basis, the two-way selection between the applicants and the employing units may make things more convenient for taking advantage of one's power to seek private gain and facilitate the relationship network. Some students told us: "Studying mathematics, physics, and chemistry well is no better than having a good father. This law still works today. Then, what is the use of studying well?"

Fourth, the existing higher education cannot suit the demand of the students for participating in competition. Some students told us that another reason they think study is too dull is that very few things they have learned are useful in social practice. This is quite a typical viewpoint, especially among those who are studying basic sciences and literature. To form a delightful contrast, quite a few students in Shanghai Communications University have requested to study economics, information analysis, and trade and finance. This year, Huadong Institute of Chemical Engineering began to run 26 training classes, including the "practical technology training school" and the "job-finding and employment training school." Although each of the students has to pay about 10 yuan in tuition, more than 700 students have been recruited.

Therefore, many specialists and practical workers believe that a fundamental method for guiding the university students is to firmly and continuously promote and deepen reforms so the environment can be further improved and so the students can "make a name

for themselves through the right channels." The questions—such as how to create a good social environment through stabilizing the economy and rectifying the economic order, how to gradually solve the problem of unfair social distribution through price and wage reforms, how to gradually set up and perfect a mechanism of fair competition in the personnel and labor markets through reform of the labor and personnel system, and how to strengthen the ability of the students to compete with others in the personnel and labor markets by reforming the professional courses offered in the universities—are all questions requiring a prompt solution in the course of deepening and developing reforms. Improving and strengthening ideological and political work in the higher educational circles is undoubtedly very important, but it can become effective only when it is closely linked with various reforms.

Tian Jiyun Addresses State Council Meeting
OW0112173488 Beijing XINHUA in English
1228 GMT 1 Dec 88

[Text] Beijing, December 1 (XINHUA)—China will firmly push forward its strategy for economic development in coastal areas despite the current austerity program, Vice-Premier Tian Jiyun said here today.

"China should take advantage of the preset favorable international circumstances and attract more foreign investment for its modernization program," he added.

He was addressing more than 100 high-ranking officials from coastal areas and central government departments who are attending a State Council meeting on China's opening to the outside world.

The vice-premier said, "We encourage foreign businessmen to run more solely-foreign-funded enterprises and invest in China's existing enterprises, as well as run joint ventures introducing advanced technology and management skills."

As to the current austerity program, he stressed, "We will stand by contracts, protect joint ventures and foreign projects and improve the investment environment."

The overheated economy has put pressure on the supply of funds, materials, energy and transportation, he noted. Thus, "We should focus our efforts and materials on key projects. Priority will be given to those projects which have advanced technological standards, better efficiency and good export prospects."

The vice-premier pointed out that China should combine the campaign to rectify the economic environment with the strategy for economic development in the coastal areas. "They are not contradictory but complementary," he said.

He noted, "The austerity program is in fact another readjustment in the course of developing the national economy. It will create a good environment and conditions to further push forward our opening to the outside world and the strategy for economic development in the coastal areas."

In return, he said, "Smooth implementation of the strategy will help complete the task of improving the economic order. Coastal areas should play their part in stabilizing the overall economic situation."

That is because the coastal areas have better economic and technical foundations, can produce more competitive commodities, earn more foreign funds and introduce badly-needed projects from abroad, he added.

The vice-premier urged the coastal areas to make better use of foreign materials and markets so that interior areas can have more raw materials for domestic production and ease the strain in the economic situation.

Rui Xingwen Concludes Visit to Hexi Region
HK0212031188 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 2 Dec 88

[Excerpts] CPC Central Committee Secretariat member Rui Xingwen returned to Lanzhou yesterday after concluding his visit to the Hexi region. While in the region, he inspected the Jiuquan Iron and Steel Company, the Jinchuan Non-ferrous Metals Company, and the (Jingtaichuan) power irrigation project. He heard reports delivered by leading comrades of the Jiuquan, Zhangye, and (Huishan) prefectures on industrial and agricultural production, water conservancy projects, and the implementation of the spirit of the 3d Plenary Session of the 13th CPC Central Committee. He also visited peasant households for direct chats with the peasants.

Everywhere Comrade Rui Xingwen went, apart from inquiring about the grain situation, he discussed with the cadres and masses the achievements of the 10 years of reforms and the present difficulties and problems, and proposed methods and demands for resolving the problems. The cadres and masses were greatly enlightened.

Comrade Rui Xingwen showed particular concern for the grain issue in Gansu. He said: It is indeed a truth that agriculture is the foundation. Agriculture is a major issue in China, and it is even more important in Gansu. I have heard that Gansu has increased grain output in recent years; it seems that methods have been found for resolving the grain problem. There are great prospects for resolving the grain problem in Gansu. [passage omitted]

Comrade Rui Xingwen was very interested in agricultural science and technology work at Zhangye and elsewhere. He said that this is a good method of promoting agricultural production. The current problem is how to link this with education, and how to improve the [words

indistinct] of the peasants and the science and technology personnel. Still more rapid development will take place when these two problems are resolved.

Rui Xingwen said that on returning to Beijing, he will report to the central authorities on the situation in Gansu and on the notable results achieved from implementing the central guidelines and policies in practice, together with Gansu's ideas on exploiting the Hexi region.

Wang Zhen Meets Construction Designers
OW0212060488 RENMIN RIBAO in Chinese
27 Nov 88 p 1

[By correspondent Chen Churong and reporter Zhang Yusheng]

[Text] Zhuhai, 25 Nov (XINHUA)—Chinese Vice President Wang Zhen this afternoon met with the planning and construction designing experts who participated in the meeting to screen the bids for the development of the Wanzi Beach Area of the Zhuhai Special Economic Zone. The meeting took place at the Zhuhai International Trade and Exhibition Center. Comrade Wang Zhen highly praised the experts for their talents and hard work.

During the reception, Comrade Wang Zhen asked questions about the various plans and designs and made inquiries on the living conditions of the staff members who participated in the planning and designing work.

Vice President Wang Zhen said: In developing a new area, it is necessary to take the building of middle and primary schools and kindergartens into consideration.

The Wanzi Beach Area of the Zhuhai Special Economic Zone is located at the mouth of the Zhu Jiang. It is a civilian port near Macao.

The 5-km long beach area attaches importance to the development of real estate. Residential housing areas, supermarkets, tax-free stores, guesthouses and restaurants will be built to serve compatriots from Hong Kong, Macao, and Taiwan as well as Overseas Chinese.

Other facilities for amusement and cultural activities as well as piers will also be built for tourism and foreign trade.

Vice Minister Speaks on Production Priorities
OW0112173788 Beijing XINHUA in English
1234 GMT 1 Dec 88

[Text] Beijing, December 1 (XINHUA)—Fertilizer, plastic sheeting, pesticide and quality agricultural machinery top the production priority list for next year, a senior Chinese official said here today.

Ye Qing, vice-minister of the State Planning Commission, said the list was worked out in line with the efforts to readjust the industrial structure and improve the efficiency of supply.

According to him, the list also includes quality durable consumer goods, daily necessities, products of the energy and raw material industries, and processed goods for export.

At an ongoing national meeting on economic planning and reforms for next year, Ye said that production of those goods that are excessively energy-consuming, poor in quality and pollution-producing should be limited or even stopped.

Such small factories as cigarette and woolen plants without guaranteed raw material supply also should be closed down or shifted to other production, he added.

In line with the national plan, he noted, overheated growth of rural enterprises must be cooled down.

Bottlenecks in transportation and strained supply of energy and raw materials will remain stumbling blocks to next year's industrial production, he said.

He called on local governments to pay attention to funding projects involving transportation, coal mining and important raw materials.

"We are determined to strengthen these weak links in our economy while cutting down on capital construction, thus creating favorable conditions for further development," he said.

New Measures Viewed for Stabilizing Market Supply
HK0112150988 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0927 GMT 30 Nov 88

[Report: "China Has Arranged New Measures for Next Year's Market"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 30 Nov (ZHONGGUO TONGXUN SHE)—According to a report from Beijing, China has worked out basic plans for ensuring the supply of the livelihood necessities and the supply of agricultural production materials and for coordinating goods for export and for domestic markets in order to stabilize the condition of market supply. The new measures give top priority to the guarantee on purchasing sufficient grain and oil-bearing crops.

The department concerned stressed that effective administrative measures must be taken to regulate market supply and coordinate supply and demand of various goods with one locality's surplus goods being transferred to make up the other locality's deficiency. In particular, supply on the markets at the national and provincial levels must be properly guaranteed. In addition, the market policy for the purchase and marketing of grain must be highly centralized, and all major policy decisions must be approved by the State Council. The state will appropriately import more grain, and strictly control the export of grain, especially the export of rice. The state will also try to find some grain substitutes from

domestic and foreign markets, and will study the proportions of different grain rations. People will be prompted to consume more coarse food grain.

More importance will be attached to the production of nonstaple food. If necessary, the prices of major vegetables and foodstuffs will be brought under control. The state will give necessary subsidies.

The production and supply of daily necessities will be properly arranged and ensured. Next year, the export of cotton will be appropriately reduced. The export of two types of fiber and cloth will remain at this year's level. All available high-class durable consumer goods should be sold on the markets without leaving any of them in reserve.

Houses Too Expensive for Individuals To Buy
OW0212084388 Beijing XINHUA in English
1537 GMT 29 Nov 88

[Text] Beijing, November 29 (XINHUA)—With the price of houses soaring at an annual rate of 15 percent, to buy a house of your own is becoming an impossible dream for even moderately affluent Chinese, housing experts with the Ministry of Construction said here today.

An indication of just how high the roof has blown off housing prices is the fact that last year individuals bought only 4.26 million square meters of apartment space (the space-starved Chinese go right down to meters when discussing living space), representing only 15 percent of the country's total apartment space on sale.

In Beijing, houses are sold at 1,174 yuan per square meter, 19 times the 1985 figure, according to the experts.

That is to say, a family with one child has to spend 28,176 yuan, (or about 8 years worth of the couple's joint income) on 24 square meters of housing, to meet the internationally accepted standard of "civilized living conditions."

"The possibility for them to ever own a house is almost nonexistent," an official said.

Real estate companies prefer to sell apartment buildings to the tenants' work units, which then rent the apartments to their employees for a modest sum—a popular practice in China for nearly 40 years.

Thus while the privatization of apartments still remains a priority of the country's over-all economic restructuring program, the experts said, efforts must also be made to cut down the cost of building the apartments if moderate income families, let alone low income households, are ever going to be able to afford them.

Meanwhile, a viable credit and loan system should be adopted to enable the individuals to buy housing on credit, the officials said.

LIAOWANG on Enterprise Property Rights
HK0212045388 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 47, 21 Nov 88

[Article by Jin Xiaoming (6855 1420 2494): "Where Is the Property Rights System of Chinese Enterprises Headed?"]

[Text] Nowadays, in China, the property rights system practiced by enterprises provides that the assets of enterprises under the ownership by the whole people belong to all the people. But actually who represents the people? The answer to this question is quite ambiguous. For this reason, the ownership by the whole people has always been rendered the ownership by nobody. This has resulted in tremendous losses and serious waste of public assets. The practice of using public assets as private ones is quite common, and nobody cares for it. Meanwhile, such a malpractice has encouraged enterprises to resort to short-term behavior that places stress on consumption but neglects accumulation. While issuing bonus generously, enterprises do not want to invest in expanded reproduction; while projects of office buildings, auditoriums, and hotels are started everywhere, few people will invest in basic industries....

Therefore, some specialists and scholars believe that the in-depth development of the enterprise reform or the market reform is very likely to lead us nowhere, provided that the fundamental link between property rights and the commodity economy is ignored. Observing the need to integrate theory and practice, many economists have called for a reform of the present property rights system for enterprises.

The Reality Calls for a Reform of the Property Rights System

Tian Yuan, director of the development research center of the State Council, held that the state property rights system has rendered the enterprise's equal exchange on the market a mere formality, since the profit realized through the exchange has to undergo an adjustment by the financial sector during which part of the profits is diverted to subsidize those suffering losses. The case is the same regarding the relations between departments and between areas in China. Although enterprises with poor economic efficiency cannot earn more income from the market, they probably can secure more investment from their superiors. Viewed from the whole process of value operation, this is merely a "semi-equal exchange." In recent years, in the wake of the reform of the financial structure and the introduction of the contract system, there have been some changes in the above-mentioned value operation mechanism. However, since the property rights system as a basis has not been reformed, the "big pot system" regarding assets within the state-owned economy still exists, the mechanism under which the superior squeezes out the inferior has not yet been

brought into full play, and there is no full-scale competition. For this reason, the economic efficiency of the whole state-owned economy is very poor.

On the other hand, the state-owned property rights system as a reality is the root cause of the drastic increase in investment and the poor investment returns. In ordinary commodity economies, an investor will make an investment only when the prospective return is higher than the interest rate. Of course, the investor itself has to take the investment risk. Such a mechanism can effectively regulate the investor's behavior. However, in China's state-owned economy, there is no clearly defined limit of assets for central departments, local authorities, enterprises, and other investors, thus there is not any mechanism under which the investor is required to compensate for its failure in investment with its own assets, and the demand for investment is almost unlimited. Therefore, to improve the economic environment and restrain the drastic increase in investments, we must first focus our attention on the property rights as a root cause.

Zeng Haoran, a research fellow at the development research center of the State Council, noted that over a long time, for enterprises in China, the property rights have been something fixed which cannot flow freely. The state's fixed assets totaling more than 600 billion yuan accumulated over the past 30-odd years are distributed extremely unevenly, the production structure has not been optimized, and different areas and departments continue to blindly launch duplicate construction projects, resulting in enormous waste of energy and raw materials and poor social economic returns. Such being the case, China badly needs to optimize its production structure through association, merger, and auctioning of enterprises and, therefore, transfer of assets between different enterprises will be inevitable.

If the property rights system is not properly straightened out and well established, then the transfer of property rights is very likely to prompt chaos. However, if the property rights system is well adjusted and the optimal combination of assets proceeds smoothly, then the economic returns arising thereof will be much greater than those resulting from the successful reform of individual enterprises.

Zhu Fengji, deputy director of the Sichuan Provincial Commission for Restructuring of the Economic System, held that the rapid development of joint-stock enterprises has also set some new requirements for the reform of the property rights system because joint-stock enterprises are co-managed enterprises which are established with capital contributed by shareholders who jointly assume the full responsibility of profits and deficits and jointly take the investment risk. Shares are calculated by the amount of assets contributed. Viewing the cases of pilot projects that have been started in the country, investors range from the state to enterprises and service units under the collective ownership, consortiums, financial establishments, individual workers, and foreign interests. The barriers between

different ownership systems, between different trades, and between different areas have been broken, and cross investment has given rise to a new type of property right relations. Therefore, the original property rights system which classifies enterprises by the ownership systems they practice will certainly have to be reformed. Only in this way will we be able to ensure the smooth development of the joint-stock system.

The Difficulties of the Reform of the Property Rights System

If one reviews China's reforms in the past few years, one can find that they have all touched the issue of property rights to a varying extent and theoreticians, in particular, are more and more eagerly looking forward to a reform of the property rights system. Nevertheless no breakthrough has been made in this respect. One of the deep-rooted causes for this is that the reform of the property rights system is still more difficult than reforms in other fields.

The first difficulty is that people's esteem for the public ownership serves as a conceptual obstacle to the reform of the property rights system.

Researchers of the Sichuan System Restructuring Research Institute noted that our longstanding ownership system with the state ownership as its core is a political reality rather than an economic system. Most people have an esteem for the public ownership but despise the private ownership. The recognition of and bias toward the public property rights system have been deeply rooted in people's conceptual framework and have become an established mentality of the whole nation. The reform of such a property rights system, in one way or another, will certainly break the unitary structure characterized by the state's sole ownership of assets. Furthermore, in the wake of the development of the collective and private economy, the public economy's share in the whole economy will certainly be reduced. This implies that the reform of the property rights system will have to counteract the influence of the concept of public ownership all the way. Although people have experience with all the disadvantages of the existing property rights system, it is still very difficult for them to accept the reform of the property rights system.

The second difficulty is that the current financial structure characterized by "separate accounts" for the central government and local governments at different levels can hardly provide a favorable environment for the reform of the property rights system.

In recent years, the government repeatedly called for tightening control over investments in capital construction projects, restraining the institutional purchasing power, and reducing administrative expenses. But all the efforts have been proved ineffective. Meanwhile, inflation has made financial expenses constantly increase, which has always been a nuisance to governments at all

levels. Since local governments at all levels are practicing a financial system of "separate accounts", they can only pay off their financial expenses with their own financial income. So they naturally have to make every effort to firmly keep the property rights of all their subordinate enterprises in their hands, with a view to increasing their own financial income. Such a mentality has served as a tremendous drawback to the reform of the property rights system.

The third difficulty is that the diversification of the government's functions prevents the government from setting the maximization of property returns as a goal.

To maximize one's profits with given investment is a universally accepted rule in the commodity economy. But, nowadays, the Chinese Government has several different identities, performing different functions and pursuing various goals. The government is not only the entity to keep the political power but also the one to exercise macroeconomic control and to keep ownership of state assets. All these functions of the government are not necessarily coordinated all the time. Usually social stability and macroeconomic harmony are maintained at the expense of returns from assets. Therefore, if we want to ensure that the government, which is undertaking various missions, will really behave in such a way as to maximize the returns from state assets, we must try to set up a mechanism by various means. And this will, to a certain extent, make the reform of the property rights system more difficult.

Different Views on the Reform of the Property Rights System

Our economists have not shrunk back before difficulties but kept on bringing forth new ideas on the reform of the property rights system. The following are some of the most typical views:

—Diversification of property rights. In other words, the property rights of state assets are to be clearly assigned by law to the central government, provincial authorities, cities, and counties, with cities and counties as the basic units. In fact, this means to redefine the administrative power currently vested in units at different levels in the form of ownership of assets and, at the same time, to establish various types of economic entities holding the ownership of public assets, such as investment companies and foundations. The goal of those who support this view is to develop various kinds of entities with property rights on a competitive basis.

—Introduction of the joint-stock system among enterprises. This means to divide the existing assets into shares held by the state and shares held by enterprises.

—Transformation of state-owned assets into equity. This means to estimate the value of state-owned enterprises' assets and transform it into the enterprises' indebtedness to the state. As the debtors, the enterprises

will pay interest arising from their liability to the state assets administration. The state on its part has the right to request the enterprises to pay off all the debts, according to the need for readjustment or the conditions of the enterprises. Enterprises which have paid off all their debts will no longer belong to the state.

—Contracting out of the state's stock ownership. This means to divide a state-owned enterprise's assets into a number of smaller shares and then contract them out to individuals on a tendering basis. This will give rise to a stratum of stock ownership contractors or enterprise investors and operators. But the ultimate ownership will still be kept by the state which is entitled to keep under its control part of the stock ownership that has been contracted out and thus has a say in the enterprise's investment operation. This will ensure the state's effective macroeconomic control, although the government cannot directly intervene in the enterprise's business operation.

Where Should the Reform Be Started?

The central authorities recently decided to slow down the price and wage reform in the coming period and focus on the improvement of the economic environment. This decision is not only intended to curb some negative factors in the economic field but, in particular, to eliminate some unreasonable root causes that affect the economic environment. Undoubtedly this will help accelerate the reform of the property rights system. Indeed the reform of the property rights system is a process that cannot be sidestepped. Then what path should China follow? An answer to this question is given by a study report recently prepared by the development research center of the States Council and the Sichuan Provincial Commission for System Restructuring.

The report suggests that the contracting system be linked to the joint-stock system, and the transitional process be divided into three stages. During the first stage, the contracting system that has already been widely practiced will be improved and regularized, and a set of procedures governing the operation of the system will be established. Meanwhile, some enterprises and areas which have practiced the contract system for quite a while and have retained quite an amount of accumulation funds will be selected to carry out pilot projects of the joint-stock system, and these selected enterprises will undergo a process of diversification of state assets. At the second stage, enterprises will be run on a joint-stock basis. That means enterprises will be jointly managed by several entities, namely, the state as the holder of state-owned shares, the enterprise as a collective shareholder, and workers as individual shareholders. The state shareholder will enjoy the preference regarding assurance of profits while the enterprise as the collective shareholder will assume the main responsibility for the risk that enterprise operation may involve. Funds to finance

establishment of new enterprises and additional investments in existing enterprises will all be raised in the primary stock market. At the third stage, a mature and regularized joint-stock system will emerge.

On the other hand, the government's functions must also be combined with the property rights mechanism. The rationality of macroeconomic regulation should not be achieved at the expense of returns from assets, and a macroeconomic imbalance should not be tolerated in pursuit of maximized returns either. The solution suggested by the report is to divide state-owned assets into two categories: the first category is for value appreciation, with the maximization of the returns from assets as its sole target; and the second category will be assigned to trades and enterprises that are necessary for macroeconomic control despite their poor economic returns, or will be used to subsidize these kinds of trades and enterprises. The two categories of assets will be administered by different organs.

Technology Export Reaches \$100 Million
HK0112124788 Beijing CEI Database in English
1 Dec 88

[Text] Beijing (CEI)—Total volume of technology export of China reached 100 million U.S. dollars in the first 9 months of this year.

Though a late comer in the export of technology, the country has witnessed a rapid development in this field and has been highly evaluated by the world trade community in such technology as two-step vitamin c ferment, rice hybridization, and coal duster for blast furnace.

China has exported some 100 items of technologies to dozens of countries including industrialised countries and developing countries. They include patents, trade marks, technological consultation, computer software, and special technology.

Zhejiang Builds Tidal Energy Power Station
HK0112140888 Beijing RENMIN RIBAO in Chinese
28 Nov 88 p 1

[Report by Xin Ke (6580 2688): "There Are Broad Prospects for Exploiting Tidal Resources in China"]

[Text] The world's third largest tidal-energy power station—the Jiangxia Experimental Power Station in Zhejiang Province—has now completed installation of five 3,200 kw generator sets. The total installed generating capacity of the power station is 3,900 [figure as published] kilowatts. The authorities concerned attach great importance to the use of tidal energy to mitigate China's strained energy supplies.

China has a long coastline totaling more than 18,000 km. How much tidal energy is contained therein? In recent years, Chinese experts surveyed 156 bays and 33 river mouths throughout the country. The surveys showed

that without considering Taiwan, tidal-energy power stations with a capacity of over 500 kilowatts could be built in 191 places, with a total potential generating capacity of 21.58 million kw.

In order to accelerate the pace of developing tidal resources, the experts proposed that appropriate places should be selected to build large-scale tidal-energy power stations and feasibility studies should be made. China should strive to build two or three large tidal-energy power stations by the end of this century.

Grain Output Estimates Better Than Expected
OW0212084588 Beijing Domestic Service in Mandarin
2230 GMT 28 Nov 88

[Text] China's grain output for this year will be a little bit more than was originally estimated. The difference between the latest estimate and last year's output has narrowed. According to the latest estimate by the Rural Survey Team under the State Statistics Bureau, the total grain output for this year will be less than 10 million tonnes lower than last year.

With lower outputs of summer grain crops and early rice, governments at all levels have stepped up their efforts to promote the production of autumn grain crops, and they have adopted and implemented measures to help increase production. They have actively promoted scientific farming, increasing the acreage of the fine variety of grain crops to offset the losses accrued through natural disasters.

Many localities across the country reportedly have a higher grain output per mu than last year. In the 15 provinces, municipalities, and autonomous regions of North China, for example, the grain output per mu on the average has increased by nearly 4 kg.

Commentary on Cutbacks in Chemical Fertilizer
HK0112045188 Beijing RENMIN RIBAO in Chinese
27 Nov 88 p 1

["Commentary" by staff reporter Jiang Shaogao (3068 4801 7559): "Beware of Cutbacks in Chemical Fertilizer Production"]

[Text] On 2 November, Hebei's Xuanhua Chemical Fertilizer Plant sent an urgent telegram: The planned supply of coal under unified distribution has not been carried out satisfactorily. In August, September, and October a total of 17,752 tons of coal was not supplied as planned. Please give us support because our plant is running out of raw materials.

On 16 November, the directors of 15 small nitrogenous fertilizer plants in Guangdong submitted a joint letter to provincial government leaders, asking the provincial government to adopt measures to ascertain the supply of raw materials and power for the production of chemical fertilizer to ensure normal production in chemical fertilizer enterprises.

On 20 November, an urgent telegram from Henan's Anyang Chemical Fertilizer Plant read: The city government informed us on the 18th that, due to the power shortage, the power supply would be suspended for a month in December.

That was what this reporter learned from Chemical Industry Minister Qin Zhongda the other day. With some anxiety he said: Chemical fertilizer production is facing a grim situation. At present, coal and electricity are in short supply everywhere. With their eyes on chemical fertilizer enterprises, which are major users of electricity and coal, some localities have reduced power and coal supply to small chemical fertilizer plants. As a result, chemical fertilizer plants have suffered. Not only the small chemical fertilizer plants but also medium-sized enterprises are the first to be affected. He cited Anyang Chemical Fertilizer Plant as an example.

Anyang Chemical Fertilizer Plant is one of the two urea plants in Henan Province. Its production situation is fine this year, with the monthly urea output surpassing 10,000 tons. If there is no power supply in December, not only will there be no output that month but stopping the machines in severe winter months will also have great consequences. There will be the danger of the machines failing to start at the beginning of next year, which will inevitably affect chemical fertilizer production in the first quarter of next year, thus aggravating the chemical fertilizer shortage in the locality. As soon as he received the telegram from Anyang Chemical Fertilizer Plant, Qin Zhongda immediately sent a telegram to Henan Governor Cheng Weigao and informed the State Planning Commission of this state of affairs. Qin Zhongda said: Some people think, now that autumn sowing is over, the peasants no longer rush to buy chemical fertilizer and, therefore, chemical fertilizer production may give way. Regardless of the future need of agricultural production, some localities are keen on developing the processing industry and engaging in any trade that can make money. If this situation should go on, it will be difficult for industry in aid to agriculture to steadily develop in accordance with the requirements of the National Rural Work Conference held some time ago. How can agricultural investment be increased?!

A comrade from the relevant department of the Ministry of Chemical Industry reminded us: Beware of the cutbacks in chemical fertilizer production. This is not alarmist talk. In the first half of this year, the situation in chemical fertilizer production was fine. With 42.99 million tons of standard fertilizer produced, half of the annual task was completed in 6 months, averaging a monthly output of 7,165,000 tons. Unexpectedly, events have taken a sudden turn in the second half of this year. By the end of last October, 27.5 million tons of chemical fertilizer were produced in 4 months, an average monthly output of 6,875,000 tons or a monthly drop of 290,000 tons over the first half of this year. This means that it will be necessary to produce 14.51 million tons of standard fertilizer in November and December in order

to achieve the objective of 85 million tons put forward at the beginning of this year. According to previous experience, the fourth quarter is a busy season in fertilizer production. However, in the face of a slumping trend in fertilizer production, it will be very difficult to fulfill the chemical fertilizer production task.

The situation in chemical fertilizer production is grim. In the southeastern coastal provinces, in particular, failure to deliver coal in full to these areas and the power shortage have seriously restricted chemical fertilizer production. In Jiangsu, chemical fertilizer production dropped substantially, with the monthly output in July and August dropping by 20-30 percent over the first half of this year. By the end of last October, 19 of the 43 small nitrogenous fertilizer plants in Zhejiang Province were forced to suspend production.

On the one hand, coal and the power supply is insufficient; on the other hand, a steep increase in the prices of coal and power which are being supplied has also made it difficult for the chemical fertilizer enterprises to withstand the strains.

This has resulted in soaring production costs and brought serious losses to chemical fertilizer enterprises. Last year, 122 small nitrogenous fertilizer enterprises throughout the country operated at a loss; by the end of last September, the number had increased to 272, accounting for a quarter of the total number of small nitrogenous fertilizer plants. To some extent, this has affected the enthusiasm to increase output.

Another new situation has also affected chemical fertilizer production. The practice of selling chemical fertilizer at special outlets is aimed at preventing resales by many parties. However, because the capital of the special departments is insufficient, they operate in busy seasons but cannot play the role as cisterns during the slack seasons. Sometimes, after delivering fertilizer to an agricultural materials company, the fertilizer plant receives only a "receipt." It is not unusual that chemical fertilizer is kept in stock in the plants for a long time. By the end of last October, the chemical fertilizer enterprises had over 400,000 tons of fertilizer in stock. The lack of circulating capital has forced enterprises to restrict or suspend production. The new challenges do not mean that the chemical fertilizer industry cannot attempt or accomplish anything. For example, there is still potential to make a new breakthrough technologically, strengthen management, reduce energy consumption, and lower production cost. However, chemical fertilizer plants, especially small nitrogenous fertilizer plants, which account for more than half of the nation's production capacity, consume so much energy that their profit margin is relatively narrow. Given the conditions that the prices of farm produce and the producer prices of chemical fertilizer cannot be raised substantially, it is still necessary for governments at all levels to give vigorous support and preferential treatment in terms of energy, raw materials, and power supplies, finance, and

taxation. If the situation should continue, in which we are short-sighted, only pay attention to the immediate interests, and take the chemical fertilizer plants as the first target of attack when energy and raw materials are in short supply, there will possibly be a danger of big cutbacks in chemical fertilizer production!

'Newsletter' Views National Rural Work Meeting
HK0112024388 Beijing RENMIN RIBAO in Chinese
21 Nov 88, pp 1-2

[Newsletter by RENMIN RIBAO reporters Huang Caizhong (7806 1752 1813) and Jiang Yaping (5592 0068 1627): "Hopes and Potentials—Sidelights on the National Rural Work Meeting (Part Two)"]

[Text] The autumn harvest was over. Delegates from all parts of the nation participating in the rural work conference brought with them both good and bad news.

Grain output was cut back, compared to last year, having lingered at the same level for 3 years running. The delegates' hearts were heavy, and their speeches were laden with criticism and complaints. Nevertheless, it was unanimously believed that blind optimism and pessimism alike, have no place in agriculture, over the grain problem in particular, because in their anxiety over the stalemate, people saw the potential, and arising therefrom, new hope.

The Atmosphere in Which Importance Is Attached to Agriculture From the Top Echelons to the Grass Roots Is Quite Unusual, and Is of Great Help in the Shaping of a New Situation for Agricultural Development.

On 29 October, 4 days prior to the opening of the recent rural work conference, the 3rd Plenary Session of the 13th CPC Central Committee spent a whole day discussing the issue of deepening rural reform and accelerating agricultural development. During the opening and closing ceremonies, as well as during the rural work conference, leading members of the central authorities held discussions with some of the delegates, with the participation of all those comrades in the Central Committee and the State Council who were able to attend. This became a subject of much discussion among delegates, saying that it was unprecedented for almost all leaders of the supreme decisionmaking echelon to participate in the conference, and an atmosphere where "importance was attached to agriculture" from the top echelon to the grass roots was quite unusual.

Those in the farming business knew that many difficulties were involved in breaking the stalemate in grain production. To their joy, the Central Committee and the State Council attached great importance to the series of problems restricting agricultural development, such as the shortage in production materials for agricultural use, price hikes by a wide margin, grain prices on the low side in purchasing contracts, and meager investments in farming. At the same time, they formulated a series of

new measures to increase agricultural input through multiple channels, increasing production materials supply for agricultural use such as chemical fertilizers, and stabilizing prices for fertilizers. For instance, despite the fact that the capital construction scope will be greatly reduced in the next 2 years, the state has decided to levy taxes on extra-budgetary funds for agricultural development funds. As some delegates put it: "All these substantial 'cash gifts' are powerful measures in pushing forward agricultural development."

The Reliance on Policy, Science and Technology, Has Been Stressed To Develop Agricultural Production Over the Past Decade; Now, a New Factor Is Added: Reliance on Input. Without Input, There Would Be No Output, While Grain Output Would Never Be Elevated to a Higher Level.

It was a universal complaint among the delegates that a tendency of cutting back agricultural input should have emerged at a time when agriculture was being reinvigorated. This forms a sharp contrast to the everexpanding scope of capital construction in cities, with appearance of one luxurious building after another. The state and localities have continued to cut back investments in agricultural capital construction. In 1986, investments in agricultural capital construction accounted for only 3.3 percent of the total volume of investments in capital construction, the lowest point in history.

Where is the money to come from if an input increase is to be involved? The central and local governments, collectives, and peasants should join forces. But regarding the localities, where lies the basis of their strength? As Henan Governor Song Zhaozhu put it: It lies with themselves. If people have confidence in themselves, they will not be slack, but will do their utmost to work things out. Henan has decided to increase investments in water conservancy projects in the order of 60 million yuan by cutting back expenditure in other areas on several occasions this year. A greater sum will be increased for the same purpose next year. Great potentials are also hidden among the peasants. Over the past 2 years, Xinzheng has transferred some 670 motor-pumped wells to the peasants, with a sum of 1.4 million yuan recovered. The peasants said that such practice was "a full-blown contracted responsibility system." With the change in the investment mechanism, the peasants are glad to invest in water conservancy projects with their own money. They are ready to spread Xinzheng's experiences throughout Henan.

A sketch of the new agricultural investment mechanism is on the horizon in Zhejiang. They have worked in the following areas: Founding a fund for agricultural development; making complete and healthy, the fund for rural cooperation; developing agricultural investment companies; and implementing the labor accumulation system. Viewing the last area alone, the results are not too bad. Around 40 percent of the villages in the province have

founded a labor accumulation system. As a result, a craze for capital construction of farmland and water conservancy works, which had cooled off for several years, is on the rise again.

Beginning in 1986, Guangxi adopted the measure of encouraging the peasants to sell grain by awarding them with chemical fertilizer supply. By selling every 50 kg of grain, the peasants will be supplied with 30 kg of chemical fertilizer (at the original price). This has been implemented for 3 years running, and the peasants' enthusiasm for planting grain is great. Its neighboring provinces and regions believe it to be a fine measure. Of course, this involves an increase in the local financial burden; it could not have been achieved without gritting one's teeth and overcoming difficulties. Conversely, there would be no output without input. "How can we expect the horse to gallop without feeding it properly?"

China's Agriculture Is Still in the Phase of Extensive Operation at a Rather Low Technical Tier; the Role of Technological Progress Accounts for Only 30 Percent of China's Agricultural Growth, While the Rate in Economically Developed Nations Is Between 60 and 80 Percent. Here, the Potential Is Great.

Before they came to Beijing for the rural work conference, Sichuan's comrades spent 4 days seeking advice from experts and scholars on how to tap the potential in Sichuan. Some 10 science and technology development projects were promptly proposed. For example, spreading double-harvest rice farming by suiting measures to local conditions. This has been going on in Sichuan for 3 years. An increase in the order of 300 million kg in grain output on an acreage of 5 million mu has been realized this year. Hybrid double-harvest rice crops are suited to the Nanhegu area in eastern Sichuan, and the two crops will bring in 800 kg on a per mu basis. At present, such crops are planted on an acreage of between 600,000 and 700,000 mu. It will spread to an acreage of 2 million mu in 3-5 years, bringing in an output increase in terms of 500 million or 600 million kg. Sichuan's comrades said, as long as we link the spread of the application of science and technology to material input increase closely, the agricultural production level will be elevated considerably.

Without exception, the delegates focused their attention on a report submitted by the State Science and Technology Commission to the National Rural Work Conference, entitled, "Reliance on Progress in Science and Technology Is the Basic Way To Resolve China's Food Problem." It is said in the report, "China's meat production structure is not rational enough, the backwardness in technical production know-how and breeding, as well as the low rate of fodder conversion, are the widest gaps between China and developed nations. However, that is precisely where China's development potential lies." For example, a specie of fodder maize contains protein three times higher than ordinary maize. To feed hogs with this kind of maize will save three kg of grain to bring up a hog's weight by one kg. In around 5 months, hogs will be raised to 90 kg per head, when they are ready to be

delivered to the slaughterhouse. This is half the time required for hogs fed with ordinary maize. For another example, China consumes 70 billion kg of grains for fodder on an annual basis, of which some 80 percent is directly used by the peasants in feeding livestock and fowl. Such method of feeding has resulted in the waste of some 18 billion jin of fodder. Reports in this category are eye-catching. It is a pity that our peasants have little access to such information. Even if a few of them do know, they do not know what to do about it.

While Grain and Cotton Production Lingers at the Same Level, Agricultural Development Is Making Much Progress, With Its Momentum on the Ascendant.

News brought by delegates from all parts of the nation showed, that while grain and cotton production has been in a recession over the past 3 or 4 years, agricultural development has unexpectedly made much progress. Like enterprises in towns and townships, such development is a new force suddenly coming to the fore.

The rise of agricultural development has provided people with a profound revelation. Who says that agriculture is withering? Who says that the peasants are unenthusiastic? Who says that agriculture is doomed to be an unprofitable business? Who says that agriculture's reserve strength is weak? These sayings hold no water in the area of agricultural development. More precious is the fact that agricultural development has led millions upon millions of peasants to exert efforts on untapped hills, hill slopes, water resources, and beaches, while relaxing the contradiction between grain production on arable land and economic crops in competing with each other for land, and opening space for agricultural activities.

Fujian has studied the "Scriptures on Mountain and Sea" for 7 years now, and it has moved "God" deeply, while this "God" is none other than thousands upon thousands of peasants. They have plunged themselves into developing, utilizing and transforming mountains and the sea. The peasants have obtained a per capita net income of 143.6 yuan from agricultural production of a developing nature, accounting for 30 percent of the annual per capita net income.

It has been over a year since Jiangxi started implementing its overall developmental plan. The materials they provided showed that the province abounds with natural resources and a great potential for development; however, their development and comprehensive utilization has been poor, forming a rather strong contrast. This province has some 40 million mu of untapped mountains suitable for afforestation, some 10 million mu of unreclaimed land suitable for farming, some 10 million mu of untapped hill slopes and grass beaches suitable for herding, in addition to some 1 million mu of water surface to be developed. Of its 20 million mu of medium and low-yielding farmland, the per unit income was only 186 yuan last year.

The development of the three major plains, the Heilong Jian-Songhua Jiang-Wusuli Jiang Plain, the Huang He-Huai He-Hai He Plain, and the Songhua Jiang-Liao He Plain, all of which began this year, and the development of sugar-refinery and cotton bases in Guangxi, Yunnan, and Xinjiang have been very eye-catching. In particular, the introduction of opening up in the development of the three major plains, and the implementation of trans-regional cooperation, have been conducted in a most lively way. Beijing, Suzhou, and Ningbo have participated in the development of the three major plains located in the great northern wilderness. Beyond doubt, this has shown the attraction of agricultural development to large and medium-size cities.

Aside from 13.3 million hectares of untapped land resources, China has some 13 million hectares of shallow seas and beaches for exploitation, and 179 million hectares of inland water surface as well. Two-thirds of the existing arable land are medium and low-yielding farmland, of which some 8 million hectares can be developed and utilized in the near future.

There really is much to be accomplished in agriculture.

Paper Views Experimental Zones Of Rural Reform
HK0112012788 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 47, 21 Nov 88, pp 8-9

[Article by Li Shuzhong (2621 2885 1813): "A New Probe Into the Experimental Zones of China's Rural Reform"]

[Text] China's rural reform, which began 10 years ago, has scored earth-shaking results. According to the latest information released by the recently concluded Central Rural Work Conference, over the past 10 years, the output of China's farm products has increased by a wide margin; the sales volume of farm products has been doubled; the commodity rate of farm products has reached nearly 60 percent; some 90 million rural laborers have been transferred to the township and town enterprises; peasants' incomes have increased by nearly 250 percent. China's rural areas, which have been self-sufficient for a long time, have finally entered the orbit of commodity economy.

In the process of such a substantive transition, new problems and contradictions have surfaced one after another. Some well-informed authoritative personages have disclosed that there has been insufficient input into China's agriculture; most of the water conservancy facilities in rural areas are outdated and incomplete; limited cultivated area has decreased further; soil fertility has experienced further decline; and many peasants lack enthusiasm for growing grain. As a result, over the past few years, grain output has stagnated. All these problems have brought to light one of the fundamental weaknesses of China's agriculture—the lack of reserve strength for continued development.

It was against such a background that China began enforcing a grand program—establishing 14 rural reform experimental zones in 10 provinces, cities, and autonomous regions across the country, where the experts and officials will guide the peasants to help them to carry out the experiments of in-depth reform.

Lu Mai, director of the Office in Charge of Experimental Zones under the China Rural Development Research Center of the State Council, told our reporters that all the experiments of in-depth reform have already started. Some of these experiments have yielded initial results. The purpose of carrying out these experiments is to find solutions to some problems that have cropped up in the course of the development of the rural areas and to explore a practical way to deepen rural reform.

Principle: Lay Store in Science

Rural reform experiments began in May last year. Since then, 10 provinces, cities, and autonomous regions across the country have set up special institutions to guide them. The 14 rural reform experimental zones consist of more than 20 counties and have a total population of over 10 million.

The experiments have mainly centered on some key issues concerning in-depth rural reform and have been carried out in respect to the following eight topics, namely: the land system, the scale operation, the establishment of the township and town enterprise system, the rural financial structure, rural cooperative economic organizations, the building of farm-product commodity bases, the grain purchase and marketing structure, and the reform of the management structure of state-owned farms and forestry centers.

In carrying out these experiments, great efforts have been made to guard against offhandedness. All the experiments have been carried out in accordance with strict procedures. The relevant experts and officials first went to the townships, villages, and peasant homes to carry out in-depth investigations and then worked out detailed experiment plans and organized all the experts concerned to hold scientific demonstrations on these experiment plans. After carrying out the scientific demonstrations, the experts and officials concerned submitted the plans to the China Rural Development Research Center of the State Council for revision and approval. Only after they were revised and approved were they enforced in the rural reform experimental zones in a well organized way.

After carrying out these experiments for over a year, the experts and officials concerned have achieved some gratifying results in respect to such topics as the land system, the scale operation, the establishment of the township and town enterprise system, and so on.

Land has always been the lifeblood of the Chinese peasants. Therefore, the first step in rural reform was to contract out all the cultivated land to the peasants on a per capita basis. Such a practice greatly aroused their enthusiasm. However, at the same time, it also resulted in an overdispersion of China's cultivated land. Therefore, some peasants said: "If my cow turns over, its hoofs will be in somebody else's field." This is a very vivid description. The overdispersion of cultivated land obviously impeded the popularization of science and technology in rural areas. Moreover, the peasants generally lacked a sense of stability regarding their right to use the land. As a result, the short-term behavior of the peasants found expression in China's vast rural areas, resulting in a decrease in soil fertility. Meitan County, Guizhou Province, undertook an experiment relating to the building of the land system. To this end, the county formulated several new measures. For example, it made clear that the land is owned by the collectives and that the peasants should pay a fee if they contract the land. Thanks to the enforcement of these new measures, the peasants' sense of responsibility has been heightened. The peasants were also allowed to choose not to contract the land themselves. Instead, they could choose to contract out their share of land to others through public bidding. This practice has enabled the competent peasants to contract more land and grow more crops. The peasants were also allowed to transfer their right to use the land to others and get some sort of compensation in return. This practice has helped to remove the worries of peasants who want to work in the township and town enterprises. The village authorities also gave preferential treatment regarding the provision of funds and means of production to those peasants who want to take measures to improve their soil fertility and soil quality.

Shunyi County in Beijing Municipality has successfully carried out an experiment relating to scale operation. Shunyi County has a relatively high economic development standard and developed township and town industry. A lot of rural laborers have entered the second and tertiary industries, thus laying a sound foundation for the enforcement of scale operation. Shunyi County's People's Government has also actively organized all forces to create conditions for the enforcement of scale operation. For example, the government has set up social service networks to provide farm machinery and training for the peasants. As a result, scale operation has now been enforced on over 90 percent of the county's cultivated land. The number of peasant households contracting about 13 mu of land has reached more than 12,000. In general, the peasant households carrying out scale operation can earn almost the same amount of income as those working in the township and town enterprises. However, the income of the peasant households that carry out scale operation is generally higher than that of the households that do not carry out scale operation. The success of the enforcement of scale operation in Shunyi County has provided useful experiences to the developed rural areas in the eastern part of China as well as to the suburbs of all large- and medium-sized cities.

Another relatively successful experiment was the one carried out by Fuyang Prefecture, Anhui Province, with respect to the establishment of the township and town enterprise system. Fuyang Prefecture has a total of 120,000 township and town enterprises. Most of these enterprises are those jointly run by several households or over 10 households. Like the township and town enterprises in other parts of China, the deep-rooted, small-scale farming concept, the patriarchal clan concept, the blood relationship, and the geological relationship are the basic factors affecting the interpersonal relationship within those township and town enterprises. As a result, the enterprise ownership, the power of the factory director, the creditor's rights, the liabilities, the responsibility of shouldering operational risks, the distribution methods, and so on, were not clearly defined in the past. Therefore, a large number of these enterprises just "operated at full capacity in the first year, operated under capacity in the second year, and closed down in the third year." Under such circumstances, it was very difficult for those enterprises to maintain a healthy and sustained development. The experiment relating to the enterprise system was carried out first. The experts and officials first divided the various types of enterprises into eight basic categories: Sole proprietorship, contract system, joint-stock system, partnership, associated system [GUA KAO ZHI 2171 7237 0455], leasing system, sharing system, and social security system. By transplanting the advanced foreign management mechanisms, the experts and officials formulated management regulations for the eight enterprise categories mentioned above and then carried out relevant experiments in eight selected enterprises. The results of those experiments showed that all the management regulations are effective ones. This year, the output value of the eight selected enterprises in which experiments have been carried out, has increased by 50 percent compared with last year. The Anhui Provincial People's Government has begun popularizing Fuyang Prefecture's successful experiences in the whole province.

In addition, the reform of the rural financial structure and some other types of reforms have also yielded a variety of gratifying results.

Cultivate the "Soil" of Commodity Economy

The whole series of experiments have centered on one central topic, namely, the rural organizational building and rural system building. Experts believe that in order to develop the commodity economy smoothly, China's rural areas should lay a solid foundation in the following two aspects:

The first step of China's rural reform has enabled the peasants to become the principal body of rural operation and organize their production on their own. Along with the development of the commodity economy in rural areas, the small-scale household production pattern will

become increasingly inconsonant with the development of the commodity economy. There are numerous examples which can prove this point:

—Nearly 10,000 peasant households in Yan'an Prefecture, Shaanxi Province, rushed headlong into raising rabbits. As a result, supply exceeded demand. Many peasants who were heavily in debt wanted to commit suicide.

—More than 20,000 peasant households in Wenjiang Prefecture, Sichuan Province, rushed headlong into growing oranges. However, due to the lack of organized transportation and marketing services, a multitude of oranges were kept in stock too long and rotted away on the road side.

These facts show that the contradiction between small-scale production and the big market has been intensified. Because the dispersed peasant households generally lack market information, funds, and marketing channels, they are unable to take on the market risks. The reform experiments in this respect have mainly been carried out in Yutian County, Hebei Province and Shangzhi County, Heilongjiang Province, which are two rural reform experimental zones.

Yutian County restored and reorganized the rural community economic organizations, which were paralyzed after the first-step rural reform was completed, and developed new specialized cooperative organizations and turned them into the guides and the media providing services to the peasant households. Cooperatives have now been set up in 97 percent of the villages in the county. Most of the townships and towns of Yutian County have set up combined cooperatives which provide peasants with market information, technologies, farm machinery, funds, and so on. For example, last year, the organizations under the Animal Husbandry Bureau of Yutian County signed contracts with more than 50 peasant households specialized in pig-raising so that the peasant households that specialize could enjoy protective prices of live pigs despite fluctuations in market prices. The Animal Husbandry Bureau also used its risk fund to support the peasant households to develop their pig-raising production. The number of peasant households specialized in pig-raising in Yutian County has now increased to more than 1,200.

The rural system building, which is as important as the rural organizational building, is also a prerequisite for the development of the commodity economy in rural areas. For example, because the system regarding the use and transference of land is far from perfect, short-term behavior finds expression in the work of many peasants. For example, a lot of peasants are unwilling to make efforts to improve their soil quality and soil fertility and are just engaged in production aimed at gaining quick results; a lot of peasants simply let the land they have contracted lie idle after they enter the second or tertiary industries. On the other hand, the farming skills of many competent peasants cannot be brought into full play

simply because they cannot obtain enough cultivated land. The absence of a sound township and town enterprise system has likewise compromised the healthy development of these enterprises.

One relatively outstanding problem at present is that the peasants are still skeptical about current state policies. In order to remove the worries of the peasants, the government has repeatedly assured the peasants through the mass media, that current state policies will not change. However, judging by their past experiences, the peasants still remain skeptical about current policies. It seems that the best way to boost the peasants' confidence is to carry out rural system building and formulate a series of decrees in this respect. The reform experiment carried out by Wenzhou City, Zhejiang Province, centered on studying and formulating decrees concerning individual operators, private economic organizations, and joint-stock economic organizations. In the past, whenever the assets of a private enterprise exceeded tens of thousands of yuan, the operator would stop expanding his enterprise for fear of a change in state policy. Only after the rural reform experimental zone formulated the "Provisional Regulations Concerning Private Enterprise Law" did the peasants really begin to set their hearts at ease.

Reform Should Be Carried Out in An All-Around Way

After one year of ups and downs, the new experiments in China's rural reforms have yielded initial results.

In September of last year, the World Bank sent its preparatory delegation to China to inspect the on-the-spot situation in order to "readjust the loans to China's rural areas." The delegation visited five rural reform experimental zones. After visiting the five rural reform experimental zones, Bo Ke Lao Fu [3134 0344 0525 1133], head of the delegation, said: "I am deeply impressed by the depth of China's rural reform and the farsightedness and high standard of the reform plans made by China's rural reform experimental zones."

After all, the work of the rural reform experimental zones has just begun and "cannot yield immediate magic results as the system of contracting output quotas to households with the production team conducting unified accounting once did." Lu Mai, director of the Office in Charge of Experimental Zones under the China Rural Development Research Center of the State Council, told our reporters: "It is very important for us to understand this point." Some people have now begun to complain about the slow progress of rural reform and hope that the second step will perform the same miracles as the first step did. This is an unrealistic view.

This is because the first step of reform was mainly aimed at smashing the "big pot," setting up a new rural micro-economic organization, and enabling the peasants to have decisionmaking power in their production. Since the first step of rural reform did not demand any major readjustments of the interest structure of all parties

concerned, such a reform could proceed independently and be free from external restrictions. The present rural reform is a completely different one because it is mainly aimed at pushing China's rural areas, which have practised the small-scale peasant economy over the past thousands of years, into the orbit of commodity economy. Therefore, the present rural reform demands a comprehensive response from the commercial, pricing, finance, taxation, monetary, material and goods, and some other departments. It is impossible for the present reform to proceed like an isolated force as the first step of rural reform did, because the present reform depends, to a great extent, on the progress of the reform of the urban economic structure.

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HK0112020788 Beijing RENMIN RIBAO in Chinese
30 Nov 88 p 7

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East Region

Activities of Anhui's Lu Rongjing Highlighted

Addresses CPPCC Session 21 Oct
OW0212060788 Hefei ANHUI RIBAO in Chinese
22 Oct 88 p 1

[Text] The fourth Standing Committee meeting of the Sixth Provincial CPPCC Committee opened in the auditorium of the provincial CPPCC Committee on 21 October.

Provincial party committee Secretary Lu Rongjing and Deputy Secretaries Fu Xishou, Meng Fulin, and Yang Yongliang were present at the meeting.

Reporting the general situation of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference and the main idea of the provincial party committee implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, Lu Rongjing pointed out: The important thing now is to reach a common understanding. The key to reaching a common understanding lies in correctly and completely understanding the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. First, we must correctly understand the current situation; second, we must correctly understand the relationship between improving the environment and rectifying the order on the one hand and reform and construction on the other; third, we must completely understand the concept of carrying out in-depth reform and the relationship between price reform and all round reform; fourth, we must strengthen our sense of situation as a whole, the part should be subordinated to the whole; and fifth, we must keep to one center and two basic points.

Lu Rongjing said: Since the 3d Plenary Session of the 13th CPC Central Committee, the provincial CPPCC Committee has played a very great role in implementing the party Central Committee's policies and in the process of the provincial party committee and the provincial government's making and implementing important policy decisions. We welcome all democratic parties' participation in improving the economic environment and rectifying the economic order and in supervising the party and government overcoming and correcting corruptive phenomena. He urges the Standing Committee of the provincial CPPCC Committee to supervise the provincial party committee's and the provincial government's work.

Xu Leyi and Sun Youqiao, vice chairmen of the provincial CPPCC Committee, presided over the meeting. Xu Leyi said: The main agenda of this meeting is to relay, study, and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and by integrating with the situation in Anhui, discuss the plan drawn up at the ninth plenary session of the fourth provincial party committee on how to implement the

party Central Committee's guidelines. He encouraged all members of the Standing Committee to actively and fully air their ideas and make suggestions and respond to the provincial party committee's call by suggesting ways and means for Anhui's improving the economic environment, rectifying the economic order, and making in-depth reform.

Provincial CPPCC Committee Vice Chairmen Wang Zenong, Pan Ezhang, Ma Leting, Guang Renhong, Tong Maotong, Meng Yiqi, and Liu Yiping, and Acting Secretary General Yin Shuxun were present at the meeting.

Discusses Huawan Company 23 Oct
OW0212061588 Hefei ANHUI RIBAO in Chinese
24 Oct 88 p 1

[Text] Lu Rongjing, secretary of the provincial party committee, made a three-point proposal on the matter concerning the Huawan Industrial (Group) Company at a 23 October report meeting attended by the organizers of some of the panels of the Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee.

Lu Rongjing noted that during the session all comrades present expressed grave concern about the issue of examining and rectifying problems of companies run by party and government organs and offered many good ideas and proposals.

With regard to examining and rectifying the Huawan Industrial (Group) Company, the Standing Committee of the provincial party committee has come up with a three-point proposal. First, it is necessary to act in accordance with the relevant documents of the central authorities when examining and rectifying problems of the Huawan Company. Second, make the company practice the total separation between government administration and enterprise management by breaking its ties with the organ of the provincial government. All cadres transferred to the company from party and government organs shall have their wage relations incorporated into the company. Third, the provincial party committee and provincial government will set up a leading group for examining and rectifying companies and have decided to name Deputy Secretary Meng Fulin of the provincial party committee to be its leader and Vice Provincial Governor Zhang Runxia its deputy leader. The leading group will take charge of the work of examining and rectifying all companies run by party and government organs throughout the province. The leading group will be directly responsible for examining and rectifying the Huawan Company. It is mandatory to complete examining and rectifying this company before the end of November.

Lu Rongjing said earnestly that, in the course of the examination and rectification work, anyone who may have something to say or some questions to ask about the Huawan Company or any other companies will be welcome to do so to make the examination and rectification work a success.

It has been learned that Comrades Su Hua and Zheng Rui, who were contracted by the Huawan Company as advisors, resigned from this position in June. Song Ming, president of the company, shall have his relevant relations transferred and incorporated into the company.

Anhui Party Committee Fills Two Vacant Seats
OW0212051588 Hefei ANHUI RIBAO in Chinese
25 Nov 88 p 1

[Text] Decisions on Making Comrades Song Jinxia [1345 6930 7209] and Wu Xiaoping [0124 1420 1627] Fill Vacancies on the Fourth Anhui Provincial CPC Committee

(Adopted at the Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee on 24 October 1988)

In accordance with the provisions of the party Constitution, which stipulate that "vacancies on the local party committees at various levels shall be filled by their alternate members in the order of the number of votes by which they were elected," the Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee has decided that Comrades Song Jinxia and Wu Xiaoping will fill the vacancies on the Fourth Anhui Provincial CPC Committee and become committee members.

Chen Guangyi at Fujian Rural Work Conference
OW0212080888 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 27 Nov 88

[Text] The 4-day provincial conference to convey the guidelines of the national conference on rural work ended 26 November. The conference called on the leadership and the rank and file in the whole province to act with concerted efforts to whip up an upsurge in mid-winter production to reap a good harvest next year and promote the development of rural economy in an all-around way.

Comrade Chen Guangyi delivered a speech at the conference on the afternoon of 26 November. He emphasized the need to increase understanding of the importance of agriculture and animal husbandry in the new situation. He said: Whatever the circumstances may be, agriculture will remain the foundation of the national economy and grain production will remain the foundation of agriculture. This is a point we should keep firmly in our minds without wavering and never neglect in any way in doing our work. We must never think that agriculture is not so important at a time when we are implementing the strategy for economic development in the coastal areas and promoting an export-oriented economy. On the contrary, only when agriculture is further developed will there be a greater impetus for implementing this strategic policy. As we are improving the economic environment and rectifying the economic order, the pace of the development of grain production in particular should be accelerated and stepped up instead of being decelerated and curtailed.

Touching on the method our province should adopt to speed up the development of agriculture, Chen Guangyi pointed out: We should proceed from the reality in Fujian to do everything we can to promote our grain production on the basis of a steady growth. We should explore new production revenues and strive to attain some increase every year in addition to stabilizing production. We should not only focus attention on next year's harvest but also have a long-term strategic plan. Active and persistent efforts should be made to develop production in the hilly and coastal areas as well as from farmland. We should make practical efforts to promote production in terms of input, application of science and technology and implementation of policies. We should raise funds for agriculture by every possible means, increase incomes from agriculture in various ways and see to it that all departments and trades are supporting agriculture.

Comrade Chen Guangyi also stressed that, as far as increasing grain is concerned, we should advocate the theory that the whole year's work depends on a good start in winter. Leaders at all levels should start this winter to fully arouse the masses to whip up an upsurge in mid-winter production, making sure the input will be greater, the scale more extensive and the results better for this year's mid-winter production.

Jiang Zemin Attends Shanghai Newspaper Meeting
OW0212044688 Shanghai City Service in Mandarin
1000 GMT 27 Nov 88

[Text] The Eighth Coordination Meeting of Provincial and Municipal Newspapers in East China was held at (Liangyou) Hotel in Shanghai from 23 to 27 November.

Jiang Zemin, secretary of the Shanghai municipal party committee, and Chen Zhili, head of the Propaganda Department of the Standing Committee of the municipal party committee, met with meeting participants. Comrade Jiang Zemin spoke at the closing of the meeting.

The meeting focused on the discussion of implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, how to correctly guide public opinion, and how to exert the supervisory function of public opinion. Participants held that in the course of improving economic environment, correcting economic order and advancing reform the media have to analyze new situations and new problems that crop up along the way, point out ways to overcome difficulties, encourage positive factors, and help the public understand reform and bring out their enthusiasm and creativity.

Meeting participants also exchanged experience in journalistic reform. Some felt that one of the sticking problems at the moment is that newspapers have trouble trying to be critical. Reporters writing critical reports often meet with opposition. Lawsuits and other nasty pranks against reporters are on the rise. The meeting called on the leading departments and all sectors of the

society to stand behind reporters who write critical reports and ensure journalists' legitimate rights. The meeting also called on journalists to improve themselves, abide by their work ethics, and continue to enhance their ideology and professionalism.

The meeting decided to let the ZHEJIANG RIBAO host the Ninth Coordination Meeting of Provincial and Municipal Newspapers in east China next year.

Shanghai Ondoscope Compound Building Ready
HK0112134788 Beijing CEI Database in English
1 Dec 88

[Text] Shanghai (CEI)—An ondoscope compound building in Shanghai's No 21 radio factory passed the examination by experts on November 25.

Ondoscope is regarded as the "eye" of industrial production and the new 10-storey building houses the major production devices of the factory, including broad-tape ondoscope and logic analytical production line imported from the United States and Britain as well as graphic-instrument production line and plate connecting line designed by the factory.

When those production lines go into operation, the factory's ondoscope production will increase by 100 percent and the quality of its products will reach advanced international standards.

Shanghai Generating Units Construction Begins
HK0112132988 Beijing CEI Database in English
1 Dec

[Text] Shanghai (CEI)—The construction of two 300,000-kilowatt generating units began recently in Wujing power plant in Shanghai.

The project is contracted by Shanghai Electric Joint Enterprise group, which won the international bidding in 1987 to build the units with a 190-million-U.S.-dollar loan from the world bank and domestic funds of 450 million dollars.

According to the contract, the first generating unit will be put into operation in September, 1991, 38 months after the contract went into effect and the second in september 1992.

Main equipment of the units will be built in China with introduced U.S. patent technologies. Wujing power plant's current generating capacity is 350,000 kilowatts.

Xue Ju Attends Zhejiang Rural Work Meeting
OW0112233388 Hangzhou ZHEJIANG RIBAO
in Chinese 19 Nov 88 p 1

[Text] A rural work meeting, called by the Zhejiang provincial party committee and government, opened in Hangzhou 17 November.

The central part of the meeting agenda is to specifically study how to deepen Zhejiang's rural reform and develop its rural economy, in accordance with the strategies and decisions adopted by the 3d Plenary Session of the 13th CPC Central Committee and the guidelines of the national rural work meeting and the enlarged meeting of the plenary session of the provincial party committee, so that the province can ensure an agricultural harvest, especially one of grain, for next year.

Leaders from the provincial party committee, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee, including Xue Ju, Shen Zulun, Wu Minda, Shen Guifang, Chen Anyu, Xu Xingguang, Wang Zhonglu, and Shang Jingcai, attended yesterday's meeting.

Shen Zulun, secretary of the provincial party committee, presided. Vice Governor Xu Xingguang delivered a speech entitled "Strengthen Leadership, Deepen Reform, and Strive To Achieve an Agricultural Harvest for Next Year."

This Year's Rural Economy Maintains Upward Momentum; Make Sure Agriculture Sustains Steady Growth Next Year

Xu Xingguang first analyzed the current rural situation: This year Jiangsu Province was stricken by four serious disasters. Thanks to concerted efforts by leadership at all levels and the mass numbers of cadres and people providing help and relief, production in disaster areas was able to quickly recover from damage. Rural economic development province-wide has maintained upward momentum, as grain production turned out to be better than expected. Output of winter crops increased. While early rice yields declined due to the disasters, those of late rice are expected to rise, either in terms of per unit area yield or total output, because of better management and better weather in the later stage of the season. This can compensate for part of the losses in early rice. It is estimated that total grain output for the year will suffer slight reduction. Except for cotton, hemp, and fruit, most cash crops have increased in output. Hog production is beginning to pick up. Fisheries and forestry have also seen some new development. Rural enterprises have kept growing. Currently, the major problem of the rural area is agriculture, whose major problem lies in grain production. Grain production has been sliding for many years in succession, a trend which, if not halted, will have a grave impact on people's lives and the whole economic construction and put a damper on deepening the reform. Therefore, the general task in our province's rural work for next year is to: Resolutely implement the policy of improving and rectifying the economy; continue the work of "improving, stabilizing, developing, and adjusting;" further deepen rural reform; vigorously develop the commodity economy; do everything we can to guarantee agricultural, especially grain,

harvest for next year; promote development and export-targeted agriculture; develop rural enterprises in a stable way; step up effective supply of agricultural products; and continue to raise the level of peasants' income.

After explaining the importance of further enhancing people's understanding of agriculture as a foundation to the country, Xu Xinguan analyzed relations between the work of improving and rectifying and the agricultural harvest. He said: In order to curb inflation, stabilize commodity prices, and reduce the discrepancy between total supply and demand, we need, besides resolutely cutting back demand, to make earnest efforts to develop production and increase effective supply. In this respect, agriculture shoulders a great responsibility. Whether the work of improving and rectifying can go smoothly hinges to a great extent on the growth of agricultural, especially grain, production. With grain, that is, with the people's "vegetable basket" problem solved, society is basically stabilized, which in itself is an important goal of the work of improving and rectifying. Therefore, in next year's improvement and rectification work, agriculture should be played up, not down. While the scale of capital construction should be curtailed, fundamental agricultural construction should never be reduced, but expanded whenever possible.

Agricultural Development Depends on Policies, Science, and Investment; Doing Everything Possible To Seize a Bumper Agricultural Harvest Is of the Utmost Importance

Xu Xinguan stressed in his speech that every possible means should be tried to produce a bumper agricultural harvest—especially of grain—next year. He said: This is vital for stabilizing the national situation and should therefore be regarded as a major rural project next year. Agricultural development depends on three things: Proper policies, science, and investment. The Zhejiang provincial government will see to it that the following measures are carried out next year: First, the peasants are encouraged to grow grain, and grain purchases are linked with supply of diesel fuel and greater supply of chemical fertilizer at state prices, as well as with advance cash payments. Meanwhile, the necessary ideological education should be intensified. Second, capital should be raised through more channels, so that there will be more money invested in agriculture. The functions of the state, communities, and the market should be brought into play. However, rural collectives and peasants will continue to be the main agricultural investors. Corresponding policies should be adopted to create an appropriate environment and new mechanisms should be gradually introduced to encourage people to increase investment in agriculture. Such systems as setting up agricultural development funds should continue and new avenues should be opened for accumulating agricultural investment. Governments at all levels should also increase their investment in agricultural construction and strive to increase the percentage of agricultural expenditure in their budgets each year. Third, we should

actively propagate scientific and technical expertise, as well as other ways to increase production. We should make great efforts to increase grain output by increasing the multiple crop index, improving the soil fertility of medium and low-yielding cropland, increasing the use of good seed strains, adopting high-yield cultivation methods, and expanding the acreage of dry crops. We should consider it a major policy to increase the application of organic fertilizer. Fourth, we should do everything we can to stabilize the size of grain acreage. Grain acreage may not be disused in any way, or used for growing perennial cash crops, or developed to become fish ponds, and the earth may not be used for producing bricks. We should strictly control land for nonagricultural use and, while curtailing capital construction, firmly stop irregularities in building houses on good cropland. Fifth, we should actively promote the construction of irrigation facilities. Projects for this winter and next spring include building medium-size and small irrigation facilities, repairing flood-damaged facilities, completing support facilities, dredging river courses, and removing obstacles. According to our capabilities, we should also start mainstay projects. Sixth, we should strive to improve the supply of materials for agricultural production. Industrial enterprises serving agricultural production should do all they can to combat difficulties and produce more chemical fertilizer and agricultural chemicals. They should actively develop lateral cooperation and do all they can to bring in more supplies from other regions. After the trade of chemical fertilizer, plastic sheeting, and agricultural chemicals has become monopolized, the original channels and cooperative relations should not be interrupted. Purchases may be made by county or higher-level units and supply and marketing cooperatives, and their mutual interests should be properly handled. There should be more supply of certain types of agricultural chemicals this year, and the quantity of supply and their prices should be open.

Township Enterprises Are Pillar Industries in Rural Areas and Should Develop Steadily and Harmoniously in the Course of Cleaning Up the Economic Environment and Improving Economic Order

Xu Xinguan pointed out that township enterprises should develop steadily and harmoniously in the course of cleaning up the economic environment and improving economic order. He said: Township enterprises and agriculture depend on one another. Without steady agricultural development, township enterprises will not be able to develop; and without the support of township enterprises, there will be no steady agricultural development. We should warmly support township enterprises—which are something new—and give them proper guidance so that they can develop soundly. Since the general policy of cleaning up the economic environment and improving economic order will begin next year, township enterprises will face an even grimmer situation; but it will also give township enterprises an excellent opportunity to restructure their production and product mix. They should firmly curtail their capital

construction. Instead of starting new projects, they should concentrate their strength on tapping potential and improving their economic performance. We should help township enterprises solve their problems regarding circulating funds and supply of raw and semifinished materials so that, during the course of cleaning up the economic environment and improving economic order, they can develop steadily and harmoniously. Township enterprises should improve their management, upgrade their technology, restructure their operations, develop lateral cooperative ties, and continue to develop exports.

Control "Disorder"—Not "Liveliness"—in the Sphere of Circulation, and Gradually Set Up a New Order of Circulation

Discussing the need to gradually reform the circulation of agricultural goods and their pricing system, Xu Xingguan said: Reforming the circulation of agricultural goods and their pricing system are essential to ensuring a steady agricultural development during the development of the commodity economy. But this reform takes time and cannot be accomplished overnight. What we should do is to push it forward actively and reliably according to the development of the situation. We should consolidate and develop the market in agricultural goods to prevent disorderly trade and ensure orderly and sound development in the market for agricultural goods. We should clearly realize that consolidation is meant to control disorder, not to restrict liveliness. The purpose is to open and enliven the market under macroscopic control, so that control and decontrol can be integrated organically. Instead of blocking the avenues of circulation, controlling disorderly conduct in the sphere of circulation is needed to establish a new order. Since we are still inexperienced in this regard, we may explore the following three areas: First, we may encourage contractual transactions, thus introducing contractual relations into the market. Second, we may establish an orderly wholesale market in which relatively steady buying-purchasing relations are established among wholesalers, producers, and consumers. To examine the operators, we can control and manage them through the wholesale market, making sure that it is lively but not chaotic. Third, we shall gradually establish a new system, under which the management of production, supply, and marketing is integrated.

Zu Xingguan also discussed the specific steps in upgrading developmental agriculture and export-targeted agriculture, gradually expanding the size of agricultural operations in a well-guided manner, firmly carrying out village-level construction, improving the two-tier operating system, and further improving leadership over rural work.

Leading comrades in all municipalities, prefectures, and counties; leading comrades in charge of rural work; and leading comrades from relevant departments of provincial organs attended the conference.

Central-South Region

Highway Bridge Receives Approval in Hubei
HK0112114988 Beijing CEI Database in English
1 Dec 88

[Text] Wuhan (CEI)—A feasibility study on the building of a new highway bridge cross Yangtze River at Huangshi City, Hubei Province, passed assessment by Chinese experts at a meeting held here recently.

Experts at the appraisal meeting held in mid-November said it is necessary to build the Huangshi Yangtze Bridge, one of China's major construction projects, if the industrial city of Huangshi is to develop further and to help boost economy of the underdeveloped areas in Dabie Mountain on the northern bank of the Yangtze.

Huangshi, rich in mineral resources, is the second biggest city in Hubei Province. It is a center of metallurgy, mineral mining, and the building materials, machinery and textile industries.

The experts said that the construction of the highway bridge will improve traffic links between Huangshi and the Mt. Dabie areas and stimulate economic exchanges between urban and rural areas.

The bridge is also expected to join two highways—one between Huangshi and Wuchang cities in Hubei, and the other between Huangmei county in Hubei and Anhui Province, by 1990 when they are expected to be completed.

The plan for Huangshi Yangtze Highway Bridge was approved by the State Planning Commission last May.

North Region

Beijing Takes Measures To Control Price Rises
HK0112113288 Beijing CHINA DAILY in English
1 Dec 88 p 3

[Text] The Beijing municipal authorities have taken steps to control price rises of some of the goods on sale in the capital.

The current reform has allowed shopkeepers themselves to set the prices of some goods rather than forcing them to stick to state-set prices—and this has led to price rises.

But a new regulation, which goes into force today, means that all shops will now have to apply for permission before raising the prices of certain goods such as flour, edible oil and eggs.

The 36 categories of goods listed also include some brand-name washing machines and refrigerators.

Price rises brought in for a further 192 categories of goods—including different types of good, clothing, furniture and everyday articles as well as some service

trades such as hairdressing, bicycle repair and laundry—will have to be reported to the price administration on the day the prices are raised.

Hebei Companies Penalized for Violating Rules
HK0112145788 Beijing RENMIN RIBAO in Chinese
28 Nov 88 p 1

["Dispatch" by Yang Zhenwu (2799 2182 2976) and Chen Guoqi (7115 0948 3823): "Hebei Investigates and Deals With 10 Companies Directly Under the Provincial Authorities"]

[Text] Shijiazhuang, 22 Nov—In rectifying companies, Hebei started with departments directly under the provincial authorities. So far 10 companies under the provincial authorities have been banned, dissolved, or suspended from business for rectification, and 238 companies in the province have been suspended from business for rectification or have had their business licenses revoked.

Some localities and departments in the province were not resolute enough in rectifying their companies. To improve this work, Hebei decided to proceed from departments directly under the provincial authorities in rectifying companies.

Recently the media announced the investigation results concerning the 10 companies. The Hebei Provincial Scientific Federation's Electronics Technology Development Company did not register with the provincial Industrial and Commercial Administrative Bureau. Since its commencement in July this year, this company had engaged in the speculation of "Sanyo" color television sets. When this case was discovered, it did not plead guilty but instead went so far as to transport and resell the color television sets that had been sealed up by the authorities. This company has now been banned. The other nine companies including the provincial Overseas Chinese Association's Company have either had their business licenses revoked or been suspended from business for rectification.

Several days ago Vice Governor Ye Liansong stressed that departments directly under the provincial authorities should play an exemplary role in rectifying companies. As to bureaus and departments that are slow in their action, the provincial government will issue circulars to criticize them and will hold them responsible for the consequences. Problems revealed in the course of rectification will be seriously handled and investigated until all of them are thoroughly resolved. Those involved will not be tolerated but will instead be held responsible according to law, no matter who they are.

Li Ruihuan Speech at Tianjin Education Meeting
SK0112005188 Tianjin TIANJIN RIBAO in Chinese
11 Nov 88 pp 1, 5

["Excerpts" of speech by Tianjin Mayor Li Ruihuan delivered at the municipal commendation meeting for those advanced in supporting education, held on 10 November]

[Text] Comrades:

I am very glad to have participated in today's meeting. In particular, I have been greatly inspired to hear the experiences introduced by several units. These experiences make me feel for the tremendous enthusiasm of the people throughout the municipality in supporting education as well as the promise in this regard. On behalf of the municipal party committee, the municipal People's Congress Standing Committee, the municipal government, and the municipal CPPCC Committee, I hereby extend warm congratulations to those advanced units and individuals that have been awarded at this meeting and express my heartfelt gratitude to the people as well as all trades and professions in the municipality that have enthusiastically supported educational undertakings!

Because this meeting has been held in line with my proposal, I want to talk about three ideas.

First, I Hope That All Trades and Professions in the Municipality Will Further Enhance Their Consciousness in Supporting Education.

Each year since 1984 we have discussed, grasped, summarized, and examined the work of supporting education. Recently, several secretaries of party committees, chairmen of people's congresses, and the mayor and vice mayors of the municipality have personally involved themselves and taken an interest in this work. Why have we put in so much effort into this work? The simple reason is that education is extremely important to all of our undertakings. It can be said that the development of educational undertakings will directly affect our economic development, social progress, cultural prosperity, and the revitalization of the whole country and all nationalities. Comrade Deng Xiaoping has said repeatedly: "As of the 100th anniversary of the founding of the PRC, our country's economy will probably approach the level of developed countries. One of the bases for this saying is that we will be completely able to improve our country's levels of education, science, and technology and to train hundreds of millions of talents of various kinds during this period." Here, Comrade Xiaoping regarded the development of educational undertakings as one of the major bases for invigorating China's economy and catching up with the advanced world level.

Then how can we effect an even faster and greater progress in educational undertakings? I think it is important to make even more people show concern about, pay attention to, and give support to educational undertakings with a

view to forming a fine atmosphere and environment under which all of society conscientiously offers advice to and puts forth strength to educational development. Tianjin's practices over the past few years fully prove that conducting extensive and deep activity of having society support education is of great significance in revitalizing education, training talents, and promoting economic and social development throughout the municipality. The work of having all of society support education over the past few years has not only solved a large number of practical problems on the educational front which had been hard to solve for a long time, but also promoted the shaping of a good climate under which all of society respects teachers and attaches importance to education. In the process of supporting education, the people have begun to change their backward idea of underrating education, knowledge, and talents; and the idea that "education is of fundamental importance to the fulfillment of our great long-range mission" has taken root in the hearts of the people day after day. In addition, the broad masses of teachers and staff members and the leaders at various levels have also deeply sensed from social educational support the people's understanding of educational undertakings and their confidence and hopes in them. This has intensified their sense of honor and mission of dedicating themselves to education and training personnel for the four modernizations. The tremendous material and spiritual achievements made in social educational support have fully affirmed that the orientation of pooling social efforts to support education is right and the way is correct.

Judging from the current situation, making continued, deep, and extensive efforts to carry out activities to support education is of ever greater practical significance. Actively developing education has become one of the issues of great concern throughout the nation. Indeed, we need to greatly develop our education. All the people feel the same way about this. However, there truly are both major and minor difficulties in the education itself and in the surroundings. The 10 years of reform have enabled all trades and professions to achieve fairly rapid development. They should keep up their efforts to advance. But our present financial and material resources are quite tense. Our subjective desire must be restricted by objective conditions. While pondering next year's overall work, the municipal party committee and government have placed education in a very prominent position. Although we have to curtail greatly the funds for various sectors, we still need to exert utmost efforts to create conditions for collecting funds and materials for educational development. However, we have to spend lots of money on many things. For example, in order realistically to ensure that next year's price increases are lower than this year, the prices are not permitted to rise on Tianjin-produced manufactured goods for daily use that are necessary for the people's livelihood or on farm and sideline products. This calls for financial subsidies. Next year we will allocate more than 1 billion yuan as the people's extra allowances for living expenses in various aspects. We cannot save this sum. Generally speaking, we cannot cancel these subsidies and allow the people's

livelihood to be greatly affected by price hikes. In addition, although the housing situation throughout the municipality has improved greatly over the past few years, the average living space of some people still remains at less than 2.5 square meters per capita. This also requires our efforts to allocate some money to solve this problem. Therefore, in the next few years, we will increase educational funds, but the scope of increase will not be too big. This is precisely why the continuous pooling of social efforts to support education will become more pressing and important than any time in the past.

The experiences I have just introduced have explained the following issue vividly: The desire to support education determines the depth and breadth of the work to support education; in the final analysis, the difference in this work is the difference in the people's understanding of the work. During this general inspection, we discovered that the understanding of some leading comrades still remains confused. For instance, some people thought that pooling social efforts to support education is an additional burden. They maintained that the work has nothing to do with them and that they may or may not do it. Some even confused it with unjustified financial levies. Some enterprise leaders said openly to school comrades: We are already in a chaotic situation, please don't give us more trouble. This view is evidently wrong. As a matter for all of society, education should be run by all of society. Since all units need trained personnel, they should fulfill their responsibilities in training personnel. Some units have also stressed that they are not capable or strong enough to support education. Such a reason is not justifiable. The overwhelming majority of enterprises and units have a great potential for supporting education. For instance, many staff members of plants and factories have become wealthy and are able to give manpower support to schools. In addition, many enterprises perpetrate serious waste in various fields, go in for formality, and spend their money extravagantly. If they practice economy a little, they can give considerable support to schools. There are also some leading comrades who have contended that having society support education is not in conformity with regularization. As for this issue, we should notice the attitude adopted by these comrades toward the work. Mobilizing all social forces to support education is in conformity with the law of educational development. Many countries that are advanced in education have adopted such a method in this regard. Our acknowledgement of the work that has not been regularized only indicates that we have not systematized or standardized the work of having society support education. I have said that many difficulties in China are often overcome by the concerted effort of the majority of people. In dealing with this problem, it is imperative to concentrate on mobilizing the majority of people to pay attention to the problem and to jointly work out methods. If we fail to foster a practice in which all of society pays attention to and supports the educational undertaking, how can we upgrade the social status of teachers and how can we deal with a lot of practical

problems? There are also some leading comrades who have taken the work of supporting education as an expedient measure and contended that "they have almost fulfilled the work of supporting education because they have donated money and goods and done all things they can do." However, they have not taken the work of supporting education as a long-term task. All in all, if we do not deal with these misunderstandings it is difficult for us to steadily deepen the work of having society support education. Therefore, we should further do a good job in unifying our thinking and upgrading our understanding. My proposal is that departments and enterprises at all levels throughout the municipality should earnestly study the spirit of this meeting, learn from the advanced experience introduced here, and earnestly summarize their own work in this regard to overcome various misunderstandings. They should truly follow the advanced units by taking the work of supporting education as their unshirkable duty, as a contribution to the cause as a whole, and as a big event closely related to themselves.

Second, I Hope That Greater Efforts Are Made To Deepen the Work of Having Society Support Education.

In mobilizing society to support education, Tianjin Municipality has entered the fifth year since the work began in 1984. It should be said that the municipality has begun to create a situation in this regard through the 5-year effort and has laid a solid foundation. As for the issue of how to carry out the work in the future, I personally contend that attention should be paid to deepening the work of having society support education. This means that efforts should be made to earnestly summarize the work done over past few years and to find out something full of regularity so as to enliven and standardize the work of having society support education and to score marked results through enforcing effective measures.

To deepen the work, we should do more practical deeds and stress practical effect. By no means should we indulge in exaggeration and find fault. Some localities have thus far committed malpractice in education as they did in other fields, in which there are lots of people who lodge complaints and few people who have a sense of responsibility, lots of people who find fault and few people who work out measures, and some people who point out the wrong every day and never mention the correct and who always find fault with others and never mention their own incompetence. If we refuse to change this situation, giving importance to education will become empty talk. I hope that all comrades will conduct the work of supporting education. They should not only set forth questions but also try to find solutions. Instead of only blaming, they should do something for education sincerely and wholeheartedly. Through our concerted efforts, we will be able to constantly improve and enhance the work in all fields of schools.

Intensively speaking, we should also constantly study and enrich the contents and forms of the work of supporting education. Because advantages and potentials vary from unit to unit and each school has its own specific situation, the forms and contents of the work of supporting education are many and varied. In this connection, we should follow the principles of exploiting one's own advantages, opening various channels, expanding the contents of supporting education, and giving importance to practical results. For instance, when the municipal government has decided to initiate school-run plants in order to provide schools with a relatively stable source of funds and solve the problem with regard to surplus teachers, the various plants, mines, and enterprises should think of more ways to do this work and should help schools to establish and develop school-run plants as quickly as possible. For instance, they should provide funds, expand products, transfer equipment, and provide technological forces. However, I do not encourage the in-service teachers to do business and engage in other jobs. Such teachers should concentrate their energy on education. For another instance, when some schools have long been unable to repair or build their schoolhouses because of a shortages of funds, building departments should help these schools repair schoolhouses; level playgrounds; build bicycle sheds and bathrooms; and install stoves, sewers, and water-supply pipes. For another instance, foreign trade departments can utilize their advantages of having more foreign language talents to help schools train foreign language teachers and expand language equipment in a planned way. Commercial departments should positively organize the source of goods, render service to schools, help schools run their canteens well, and try their best to solve the troubles of the teaching and administrative staffs. Other service departments should also create positive conditions for supporting education. Here, I want to stress that society currently is levying too much charges on schools, which schools are unable to withstand. A primary school is provided with only several hundreds of yuan in funds for public use. If charges for fuel, water and electricity, and other regular expenses are deducted, there is very little left. Therefore, not only should unreasonable charges be checked resolutely, but the reasonable charges should also be reduced or abolished in a proper manner. The municipal government has an idea, that is, from now on schools will be exempt from social levies, including afforestation fees and public order maintenance fees. As for those who continue arbitrarily to collect such fees, schools will be allowed to reject payment and report the case to departments concerned. Propaganda, cultural, publishing, and judicial departments should positively support and help schools to strengthen the education on the current situation, policies, ideals, disciplines, and the legal system in order to successfully build spiritual civilization. All in all, various trades, professions, and departments should all give the green light to the work of supporting education rather than placing obstacles in its path. They

should also contribute to this work, instead of picking up crumbs from it. We should constantly broaden the reads, enrich the content, and develop the forms of the work of supporting education.

Intensively speaking, we should also gradually perfect the system of supporting education. In this connection, we have some initial considerations, as follows: 1) We will establish a municipal leading group for supporting education, which will be headed by a responsible comrade of the municipal government and will be participated in by departments concerned with a view to making overall planning for the municipality's work of supporting education. All districts (counties), and townships (towns) should assign leaders to take charge of this work and should assign specific departments to assume responsibility for this work. It is necessary to promote the three-in-one combination efforts of communities, families, and schools to organize associations that "care for the next generation" and to form networks to support education in order to jointly grasp and manage education. 2) We should establish necessary rules and regulations and hold a municipality-wide meeting on pooling social efforts to support education every year to examine and summarize work achievements in supporting education. All units should formulate plans for supporting education, have a set of feasible measures, and enable the work of supporting education to become a regular practice. 3) We should establish a committee to fund educational awards, to collect funds from all quarters, and to award outstanding educational workers at regular intervals. 4) Departments concerned should go deeply to the reality to conduct investigations and study and should open up new channels for pooling social efforts to support education. 5) The propaganda and press departments, including the radio, television, press, periodicals, and publication units, should strengthen propaganda on supporting education through pooling social efforts, foster typical examples, commend the advanced, popularize experience, summarize achievements, publicize the significance of supporting education with social efforts, expand the influence of social educational support, and create a macroclimate in this regard.

Third, I Hope That the Educational Front Will Take Advantage of This Situation To Forge Ahead.

All trades and professions should support education and create favorable conditions for greatly developing educational undertakings. In the final analysis, in order to advance education, we must rely on the efforts of the broad masses of comrades in the educational circle.

Over the past few years, our municipal educational front has progressed, improved, and achieved good results. The depressed situation of the educational front which I mentioned in 1985 has changed greatly. It should be said that, like the excellent situation in the whole municipality, the situation on the educational front is also very good. Distinct changes have taken place in educational quality, in the structure of secondary education, in

ideological and political work, and in the students' mental attitude. This is a result of the hard work and great efforts of the educational departments at all levels and the broad masses of teaching and administrative staff members and workers. The municipal party committee and the municipal government are very grateful to you. In the future, we should deeply develop the campaign of pooling social efforts to support education. This move will surely create a better external environment for developing education. Educational departments should take the campaign of pooling social efforts to support education as a motive force to further heighten their spirit and should be eager to make progress, work conscientiously, and achieve good results. The municipal party committee and the municipal government have the following few wishes:

1. Efforts should be made to fully mobilize the enthusiasm of the broad masses of teachers. Teachers are the main support of students as well as the key to successfully running education. Over the past few years, under the concern of the party and government, teachers' working and living conditions have improved and their enthusiasm has been greatly enhanced. It goes without saying that the wage reform and the assessment of professional titles still cannot meet everyone's demands. Some contradictions and problems still exist. All people should understand and make allowances for this. We have stressed the importance of displaying political advantages. One of the most important points in this is to take the whole situation into account and stress responsibilities and the selfless and dedicated spirit. Teachers who are examples of the people especially should have this spirit. We hope that the broad masses of teachers will be more faithful to the party's educational undertakings and will exert all-out efforts and make more contributions to greatly developing education in Tianjin.

2. Efforts should be made to vigorously upgrade the quality of education. The view that study is of no use is prevailing again in society. Therefore, departments in charge of education and schools should keep a sober mind and make just and forceful all-out efforts to grasp intellectual and moral education to further upgrade education quality. We should note that the cultural and ideological quality of students has a vital bearing on national quality, the cause of the four modernizations, and social morale. Upgrading the quality of education represents a big event of being responsible for the country, society, and the younger generation. We should never shake our will or slacken our work in this regard. In upgrading the quality of education, we should carry out the work in line with school conditions, conduct classified guidance, and uphold the fixed direction. General senior middle schools, particularly key schools, should provide institutions of higher education with high-quality students with the potential for development. Vocational and technical schools should provide various industries and trades with specialized talented personnel who have the fine quality of ideology, culture, and technology. Primary and junior middle schools

should consolidate or upgrade the qualification rate of students. All in all, by making efforts in the coming several years, we should enable the education quality of middle and primary schools throughout the municipality to reach the country's front rank.

3. Efforts should be made to continuously deepen the reform drive in education. Conducting reform among educational systems has a vital bearing on the immediate interest of the broad masses of teachers and the healthy growth of students. Thus, we should gradually push forward the reform by adopting an active and careful attitude, taking a realistic and proper step, and earnestly investigating and studying major or serious problems. Meanwhile, efforts should be made to work out concrete policies and measures as soon as possible to adequately deal with the long-standing problems which need to be and can be solved, such as extra-quota teachers in middle and primary schools and the egalitarianism of teachers' wages. Since June this year, the municipal people's government has carried out more systematic and deep investigation and study of the education of middle and primary schools and initially sorted out some opinions and plans for dealing with these problems. It is hoped that the broad masses of teachers, staff members, and workers throughout the municipality should actively join in the reform and enthusiastically support the reform work in this regard.

4. A good job should be done in conducting the work of improvement and rectification. Generally speaking, morale on the municipal education front is fine; however, there are still some problems. Currently, many students' parents are lodging strong complaints against the schools which have collected excessive fees and collected fees arbitrarily. This merits our high attention. I hope that departments in charge of education and all schools should set examples in the work of improvement and rectification and resolutely implement the relevant regulations made by the State Education Commission and the municipal people's government to correct various inadequate methods. The people constantly harbor a lofty image of schools because they are the special places for spreading spiritual civilization and training talented people. Therefore, they should play a better role in bringing about a change to the social morale and restore or upgrade their due social status in the course of improvement and rectification. I am convinced that the broad masses of teachers, staff members, and workers throughout the municipality, who have been brought up under the fine tradition, are totally able to make a success in this regard.

Northeast Region

Quan Shuren Views Liaoning Crime-Control Work
SK0212071288 Shenyang LIAONING RIBAO
in Chinese 18 Nov 88 p 1

[Text] On 14 November, Quan Shuren, secretary of the provincial party committee; Sun Qi, deputy secretary of the provincial party committee; and Gao Zi, member of

the Standing Committee of the provincial party committee and secretary of the provincial Discipline Inspection Commission, travelled to the provincial Supervisory Department to inspect and make arrangements for the crime control work.

Leading comrades of the provincial party committee first listened to a report by the provincial Supervisory Department on accepting and handling the clues for cracking criminal cases since the establishment of the crime control center. Through the problems by the masses, leading comrades of the provincial party committee and responsible comrades of supervisory departments analyzed the current situation on struggling against corruption; analyzed and investigated the clues of major cases one after another; and mapped out measures for investigating and dealing with these cases.

Leading comrades of the provincial party committee said: The establishment of crime control centers has opened a channel for the vast number of cadres and the masses to exercise their right to reporting crimes, and has subjected the work of state functionaries to the supervision of the masses. Crime control centers should conscientiously investigate and deal with various cases in order to win the trust of the people with practical actions and to constantly boost the masses' enthusiasm in reporting crimes. Quan Shuren pointed out that all departments at the provincial level should try their best to maintain honesty and uprightness and should set an example in this regard. These departments should earnestly ferret out and deal with those discipline violation cases within their own departments, rather than turn a blind eye to them. Leaders of these departments should personally engage in the investigation and handling of discipline violation cases in order to further improve the efficiency in handling cases.

Northwest Region

Qinghai Leaders Discuss Current Issues 1 Dec
HK0212012788 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 1 Dec 88

[Excerpts] The Second Enlarged Plenary Session of the Seventh Qinghai Provincial CPC Committee was convened in Xining on 1 December. The main contents of the session are to study and implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee, sum up this year's work, make arrangements for next year's work, and discuss the provincial party committee's decision on a number of questions in deepening enterprise reforms and speeding up economic development.

Provincial party committee Secretary Yin Kesheng delivered a report. Deputy Secretary Tian Chengping gave an explanation of the provincial party committee's decision.

Yin Kesheng's report was in four parts: 1) Review of work in the past year; 2) seriously implement the spirit of the third plenary session and unify understanding in

connection with production realities; 3) focusing on improvement and rectification, get a good grasp of reforms, construction, and science, technology, and education work; 4) strengthen party building in the practice of improving the environment, rectifying the order, and deepening the reforms. [passage omitted]

The report said: This has been a good year for agriculture in Qinghai. Grain and oil output will set a record. Animal husbandry production is also better than in previous years. Industrial production has grown in a sustained and steady fashion, and economic returns have improved somewhat. Progress on key construction projects has been smooth, and some projects have been completed and placed in production. The revenue situation is relatively good. Domestic and foreign trade is lively. It is estimated that the province will fulfill ahead of schedule the main targets of the national economy.

We have made progress in political structural reform. We have done some useful exploration in separating party and government functions, organizing social consultation and dialogue, reforming the cadre and personnel system, and building democracy and legal system. [passage omitted]

The province has now made a start on improvement and rectification work. The work of taking stock of investment in fixed assets, controlling and stabilizing the money supply, reducing institutional purchasing power, screening and straightening out companies, and inspecting tax revenue, finances, and prices is proceeding in depth and has already yielded initial results.

The report proposed the guiding idea for economic work in Qinghai next year. This guiding idea is: Focusing on improvement and rectification, strengthen the agricultural and animal husbandry foundation, deepen the enterprise reforms, speed up the exploitation of resources, promote the double increase and double economy drive, comprehensively improve economic returns, and maintain steady growth of the national economy.

In his explanation of the provincial party committee's decision on a number of questions in deepening the reforms and speeding up economic development, Tian Chengping reviewed the roots and process of producing this decision, spoke on correctly understanding the relationship between improving the environment and rectifying the order on the one hand and implementing the provincial party's decision on the other, and elaborated on a number of specific issues in the decision.

He said: In the course of earnest discussion, the Standing Committee of the provincial party committee has unanimously held that to invigorate Qinghai's economy and change its situation of lagging development, which has persisted for a long time, the key lies in grasping two cardinal links. First, we must take advantage of our strength in resources, unswervingly pursue a strategy of resource conversion, and turn our strength in resources into economic strength as soon as possible. Second, we must speed up our pace of reform and opening up, readjust the policies, improve management, form a climate and environment favorable to the development of commodity economy, and boost the vitality of the enterprises.

To translate these ideas into practice, we need a guiding document. This draft has been revised and discussed and opinions are being sought from a wide spectrum. This is something that has not happened for many years. This is also a practice of the provincial party committee in striving to improve work style, establishing the spirit of seeking truth, making its work more visible, and turning policy-making into a democratic and scientific affair.

Due to the constraints of various factors, the pace of reform and opening up in Qinghai has not been fast. There is a serious degree of self-enclosure. This is an important factor causing lack of vitality and slow development in the province's economy. Proceeding from this reality, in its decision the provincial party committee has readjusted and relaxed certain policies, centering on improving the operating mechanism of the enterprises and boosting their vitality, under the premise of maintaining unity of [words indistinct]. This is completely necessary for deepening the reforms and stimulating economic development. [passage omitted]

U.S. Trade Protectionism Hurts Taiwan
HK3011155588 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 47, 21 Nov 88 pp 24-25

[Article by Jiang Lingzhi (1203 3781 5347): "The Impact of U.S. Trade Protectionism on Taiwan"]

[Text] During the second half of October, the American press revealed that the U.S. Department of the Treasury had decided to hold an "exchange rate talk" with Taiwan, so that the exchange rate of the new Taiwan dollar against the greenback would continue to rise. This report "strongly shocked" Taiwan. During the past week or so the greenback has been sold in large amounts on Taiwan's foreign exchange market, and the central rate of the new Taiwan dollar against the greenback has reached a record high of 28.18 to 1. This new step in U.S. trade protectionism has further aggravated trade frictions between Taiwan and the United States, which have been going on for more than 2 years.

Increased Trade Frictions Between the United States and Taiwan

Since the 1980's, because the U.S. financial and trade deficit situation became increasingly serious, the U.S. economic position weakened. To stop this tendency to decline while readjusting its domestic economic policy, the United States has pursued a comparatively strong trade protectionist policy toward other countries. In face of U.S. pressure the Taiwan authorities adopted concession-making measures to reduce their trade surplus with an aim to easing trade frictions between Taiwan and the United States. However, because Taiwan's processing and export industries have relied too heavily on the United States, the efforts made by the authorities will barely be effective in the short term. U.S. trade protectionism has cast a very deep shadow over Taiwan.

Since August this year the U.S. Government has enforced a "New Omnibus Trade Bill" to take a firmer stand on trade protectionism in its foreign trade. The Taiwan authorities organized relevant departments to carefully devise countermeasures to make full ideological preparation for dealing with the new attack of U.S. trade protectionism. When tension resulting from the high revaluation of the new Taiwan dollar eased, the United States again launched a new offensive of "talks." This was beyond Taiwan's expectations.

The Impact on Taiwan's Economy

Strong trade protectionism by the United States has changed Taiwan's external environment and conditions for economic development and Taiwan is facing increased difficulties because of this. This has produced powerful social repercussions in Taiwan.

1. Exports have been hampered and small and medium enterprises are under great "life and death" pressure. From January to September this year the export volumes of 10

major product types markedly declined with the exception of electronic and electrical machinery products. Export volume of industrial products in September was 11.6 percent less than the same period last year. Revaluation of the Taiwan dollar has continuously increased production costs and the competitiveness of Taiwan's traditional labor-intensive products on foreign markets like textile products, shoes, handbags, toys, and so on, has been growing ever weaker. Let us take textile products as an example. The quoted prices of yarn, cloth, garments, and so on are 10 percent higher than those produced by South Korea and some other countries and regions in Southeast Asia, so that Taiwan has lost a large quantity of orders. More than 600,000 medium and small enterprises engaged in manufacturing export products have suffered heavily because of the exchange rate increase. In 1987, their average profit was only 1 to 2 percent. Numerous factories are on the brink of bankruptcy because of heavy business losses. At present, although Taiwan's economy is in a "period of changing type (zhuan xing qi 6567 0992 2601)", progress in upgrading its production setup is slow. In 1987, the export of high-technology products accounted for only about 1/4 of the total exports. Taiwan's economy, which relies on the "lifeblood" of exporting traditional labor-intensive products, will encounter greater obstacles because of the continuous revaluation of the new Taiwan dollar.

2. It is difficult for the "diversified market" strategy to achieve the desired results. Under repeated pressure from U.S. trade protectionism, Taiwan readjusted its trade policy in 1987 and decided that the previous one-way policy of "export expansion" be changed into a two-way policy which "lays equal emphasis on imports and exports." It also decided that a "diversified market" strategy be pursued and that efforts be made to open up markets in countries other than the United States like Europe, Japan, Southeast Asia, and so on. However, revaluation of the new Taiwan dollar has increased difficulties in opening up new markets. In particular, because the increase rate of the new Taiwan dollar is higher than the currencies of South Korea, Singapore, and Hong Kong, it is difficult for Taiwan to hold a favorable position in the competition to occupy new markets. Last year the percentage of Taiwan's exports to the United States in its total export volume dropped to 44.5 percent from 47 percent in 1986.

3. Taiwan has suffered heavily from the "increase in exchange rate." Because of exchange rate increases over the past 2 years, Taiwan's huge foreign exchange reserve has now dropped by 400 billion new Taiwan dollars (approximately \$14 billion). After foreign exchange control was lifted a huge quantity of "hot money" took the opportunity to engage in arbitrage which also caused Taiwan heavy losses.

4. The resentment and opposition of the masses have been aroused. The high-handed policy by the United States has aroused a very strong discontent in Taiwan society. Particularly during the first half of this year, to reduce Taiwan's trade surplus with the United States the

Taiwan authorities decided to expand imports of American agricultural products such as turkeys, fruit, and so on. This directly harmed the interests of the broad masses of Taiwanese farmers who strongly opposed this decision. Recently, public opinion in Taiwan has repeatedly urged the authorities "not to yield to U.S. pressure," and to "firmly stick to our stand to avoid becoming a 'spineless crab.'" Textile manufacturers plan to cooperate with other manufacturers in staging demonstrations to protest U.S. negligence of the difficulties in the industrial field in Taiwan, and its interference in Taiwan's exchange rate policy.

Relevant Countermeasures by Taiwanese Authorities

To overcome various obstacles erected by U.S. trade protectionism the Taiwanese authorities are readjusting their relevant policies in accordance with the principle of integrating their short-term and long-term interests. As far as short-term interests are concerned the Taiwanese authorities are actively mobilizing forces in various quarters to fully prepare for "talks," to maintain the current 28 to 1 exchange rate of the new Taiwan dollar against the greenback, and to avoid further increases to 26 or 25 to 1. As far as long-term interests are concerned, efforts will be devoted to speeding up readjustment of the production setup, reducing Taiwan's trade surplus with the United States, and adopting the "comprehensive administration" measure.

1. Efforts will be actively exerted to improve the production setup. In recent years Taiwan has shifted the focus of its industrial policy from emphasizing exports to technological study and development, to encourage manufacturers or enterprises to manufacture new products and advance toward high technology, with the aim of upgrading industries and products so that Taiwan will gain the upper hand in the new export competition. In addition, "international economic cooperation and development funds" have been established to encourage and support medium and small enterprises to transfer their traditional labor-intensive production to Southeast Asian countries where production costs are cheap. Large enterprises are encouraged to enter industrially developed countries in the form of multinational corporations by relying on the "diversified" business strategy (Taiwan's "Ministry of Economy" plans to establish 10 to 20 such multinational corporations) to attain the double objectives of obtaining advanced technology and bypassing trade protectionism barriers.

2. Pursuing the "outward-looking policy" to expand foreign trade. Under the recent pressure from revaluation of the new Taiwan dollar, the KMT's [Kuomintang] highest decision-making organs proposed a series of "elastic and pragmatic" "outward-looking policies" which are also suitable for socialist countries, with the aim of strengthening foreign relations and enhancing the capability in export competition. In the meantime, the highest leadership stratum of Taiwan proposed a "strategy of trade expansion with three sides"—the United States, Japan and Europe—

to ensure a balanced development of trade between Taiwan and these three big markets. The relevant executive departments have worked out specific working plans and the project will be completed within 3 years. The specific content of the plans are: Regarding the United States, import tariffs will continue to be reduced, import controls over American products will be gradually relaxed or abolished, purchases of American goods will be increased, and efforts will be made to discuss establishing a free trade zone and a trade arbitration organ; regarding Japan, efforts will be made to purchase more Japanese goods and to expand exports to Japan, and to strengthen imports of Japanese science and technology through the establishment of a "Taiwan Trade Center"; as far as Europe is concerned, sales channels will be opened and expanded mainly through such measures as establishing trade centers, holding commodity exhibitions, and so on, to make preparations to overcome the increasingly serious trade protectionism of the European market.

3. Efforts will be made to gradually open up domestic markets to speed up "liberalization." On the basis of the two previous overall drops in import tariffs in recent years, it has recently been decided that import tariffs on another 331 kinds of products will be "flexibly reduced" for 1 year. In conjunction with other measures for reducing or exempting import taxes, Taiwan's current actual import tariff rate has dropped to less than 5 percent. Taiwan plans to further open domestic markets with the aim of importing the competition mechanism from abroad to speed up improvement of the domestic production setup to realize "liberalization" of the economy. This plan is also beneficial to importing U.S. products into Taiwan to promote a balanced development of bilateral trade.

Taiwan Eases Visit Policy for Scholars, Athletes
HK0212073788 Hong Kong ZHONGGUO TONGXUN
SHE
in Chinese 1306 GMT 1 Dec 88

[Report: "Taiwan Allows Scholars and Athletes To Go to the Mainland"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 1 Dec (ZHONGGUO TONGXUN SHE)—According to a dispatch from Taipei, Li Yen, Director of the Department of International Culture and Education of the Ministry of Education of Taiwan, announced here today, that people from academic and sports circles could go to the mainland to participate in academic conferences and sports activities held by international organizations. Mainland scholars, who are embarking on academic research abroad, can apply to visit Taiwan and can stay a maximum of 15 days, so long as they are not Communist Party members.

Trade Union Leader Urges Exchange With Taiwan
OW0212102588 Beijing RENMIN RIBAO in Chinese
28 Nov 88 p 1

[By reporter Zheng Qingdong]

[Text] Beijing, 26 Nov (XINHUA)—Rong Yiren, vice chairman of the NPC Standing Committee and chairman of the All-China Federation of Industry and Commerce, today stated: We ardently hope that our colleagues in Taiwan's industrial and commercial circles will be able to sit down together with representatives from industrial and commercial circles on the mainland to discuss matters of mutual interest that will contribute to the development of the motherland's economy and its industry and commerce.

It has been learned that the Sixth National Congress of the All-China Federation of Industry and Commerce sent a letter to Taiwan's Federation of Industry and Federation of Commerce 2 months ago, inviting them to send delegates to attend the national congress. There has been no reply from them as yet.

Rong Yiren said: The All-China Federation of Industry and Commerce is a nongovernmental business association, an organization formed by the business community itself. The All-China Federation and Taiwan's Federation of Industry and Federation of Commerce share many things in common and have many similarities. We have a common language on many issues. If we can sit down together to exchange our experiences and to discuss economic matters, then both sides will benefit.

Rong Yiren expressed his belief that the industrial and commercial circles on both sides of the Taiwan Strait will certainly be able to conduct exchange freely. He hoped that the Taiwan authorities would correctly judge the times and the situation, go along with the general trend, and refrain from doing things detrimental to the great cause of the reunification of the motherland.

Fujian Institute Specializes in Taiwan Medicine
OW0112000788 Beijing XINHUA in English
1454 GMT 28 Nov 88

[Text] Fuzhou, November 28 (XINHUA)—An institute under the Fujian College of Traditional Chinese Medicine is serving as a window to understand the research and clinical study of traditional Chinese medicine in Taiwan, a researcher from the institute said today.

Lin Duanyi said the institute, the only one on the Chinese mainland, has published 10 papers in medical journals at home and abroad on Taiwan's traditional Chinese medicine since 1987 and published two journals by its own in this special field.

The institute has also received 26 visiting scholars from Taiwan since it was launched in 1986.

Lin said the institute staff members are now compiling a book on Taiwan's traditional Chinese Medicine.

The 13-member institute has a collection of 1,600 Taiwan-published books and journals on traditional Chinese medicine.

Ministry Reveals Relaxation in Mainland Policy
HK0112082088 Hong Kong AFP in English 0804 GMT
1 Dec 88

[Text] Taipei, Dec 1 (AFP)—Taiwan residents are now allowed to take part in academic and sports activities in China if they belong to international groups sponsoring such events, an Education Ministry official said Thursday.

Lee Yen, director of the ministry's Bureau of International Cultural and Educational Relations, said members of international academic and sports bodies could apply to "fulfil their duty and protect rights as members" in China.

Applications by those who do not belong to such groups would be handled on a case-by-case basis, Mr Lee said, adding that Taiwan people were still barred from joining programs sponsored by the Chinese in a third country.

Taiwan has allowed residents to travel to the mainland to visit relatives since November last year but trips for other purposes are technically banned. Since last month, it has also let mainlanders come to Taiwan to visit ill parents, spouses and children or to attend family funerals.

Mr Lee said the ministry started accepting applications Thursday from any Chinese "who is recognized for his academic achievement, enjoys international acclaim and has special contribution to Chinese culture."

Chinese scholars conducting research abroad can also apply to visit Taiwan but members of the Communist Party or terrorist groups are not welcome. The visitors could stay a maximum of 15 days and their activities would be arranged by local civilian groups, Mr Lee added.

The ministry has already approved, in isolated cases, visits by five Chinese academics in the United States as proposed by the so-called Grand Alliance for Reunification of China Under the Three Principles of the People.

The semi-official group promotes understanding and friendship between scholars across the Taiwan Strait.

The latest relaxations in Taiwan's policy towards Beijing were approved by the cabinet's Mainland Affairs Committee Wednesday.

Citizens May Apply To Attend Mainland Meetings
OW0212065088 Taipei CNA in English 0245 GMT
2 Dec 88

[Text] Taipei, Dec. 2 (CNA)—The Ministry of Education Thursday began to accept applications from local civic groups to attend conferences or activities in Mainland China sponsored by nongovernmental international organizations of which Taipei is a member.

The cabinet-level Ad Hoc Mainland Chinese Affairs Task Force Thursday unveiled "Guidelines for Handling International Academic Conferences or Cultural and

Sports Activities Involving Mainland China" and "Regulations Governing Visits (to the ROC) by Mainland Chinese With Outstanding Achievements and International Prestige and by Mainland Chinese Scholars and Students Based Overseas."

Michael Y. Li, director of the Bureau of International Cultural and Educational Relations under the Education Ministry, and Wang Yuan-jen, director of the Entry and Exit Bureau, jointly held a news conference at the Government Information Office to explain the regulations.

Li noted that his bureau will handle on a case-by-case basis applications by local civic groups for permission to attend conferences or activities held on the mainland by nongovernmental international organizations of which Taipei is not a member.

But civic groups and individual citizens will still be banned from participating in international conferences and activities that are hosted or cohosted by communist China in third countries or areas, Li said.

Local civic groups and individuals are also forbidden to cosponsor conferences or activities with communist China, Li stressed.

He continued that the Education Ministry also began to accept applications to visit Taiwan from outstanding Mainland Chinese and from mainland scholars and students resident overseas.

The ministry will form a panel of experts to screen the qualifications of "Mainland Chinese with outstanding achievements and international prestige who have made significant contributions to Chinese culture," Li said.

The ministry will also review the prestige or potential of overseas mainland academics and students who apply to visit Taiwan, but the Entry and Exit Bureau will decide whether or not to issue entry visas to the applicants, Li noted.

Wang Yuan-jen of the Entry and Exit Bureau urged local civic organizations not to invite Mainland Chinese who are members of the Communist Party or other seditious groups to visit Taiwan.

Wang repeated that the National Security Law currently bans any person who has joined the Communist Party or other seditious groups from entering Taiwan.

Athletes May Conditionally Compete on Mainland
OW0112222088 Taipei CNA in English 1505 GMT
1 Dec 88

[Text] Chiang Kai-shek Airport, northern Taiwan, Dec. 1 (CNA)—Athletes from the Republic of China [ROC] must use the "Chinese Taipei" designation if they compete on the Chinese mainland in the future, Chang Feng-hsu, president of the Chinese Taipei Olympic Committee, said Thursday.

Chang, whose remarks came shortly before his departure for Europe, was responding to the guidelines involving international academic and sports activities on the Chinese mainland which were issued by the cabinet Thursday morning.

Allowing ROC sportsmen to compete on the mainland, as the guidelines permit, will give them more opportunities to practice their skills and thus help them improve their performances, Chang explained. "So basically this is a good thing."

But if the Chinese communist regime rejects the title "Chinese Taipei", the ROC athletes will not participate in any international sports meet there, Chang noted.

Still sending athletic teams to the Chinese mainland will be selective, Chang said. Basically, they will not go unless they are likely to win fame for the ROC.

Chang therefore urged all local sports associations to thoroughly review their current sports promotion policies in the face of the new situation.

Chang, while in Europe, will sign a sports exchange agreement between the ROC and West Germany, the first ever with a European country.

In addition, Chang will meet with his counterparts from around the world at a Vienna meeting. He is scheduled to return home Dec. 14.

Commentary Views Trade Talks With U.S.
OW0212061188 Taipei International Service
in English 0200 GMT 2 Dec 88

[Station commentary: "Republic of China Raises Trade Agreement in U.S. Talks"]

[Text] At trade talks in Washington this week, the Republic of China [ROC] on Taiwan has once again presented itself as a prime candidate to be a partner of the U.S. in a free trade agreement. ROC officials have told their U.S. counterparts that they are ready and willing to negotiate the issue anytime, anywhere, but the sooner the better.

A free trade agreement would require the removal of all trade barriers by both countries. Thus far, the United States has entered into such an agreement with Israel, and has recently negotiated a similar arrangement with Canada. The latter was a major campaign issue in last week's parliamentary elections in Canada. Brian Mulroney ran for the prime minister spot on the sails of the free trade agreement issue and won an overwhelming majority.

ROC officials in Washington told the foreign wire services that the ROC is prepared to accept U.S. conditions for a mature and honest bilateral trade relationship with the U.S., as a buffer against friction or the risk of policy

shifts. A free trade agreement, they assert, would help preserve the long-term, successful commercial relationship between the ROC and the U.S.A.

The trade officials also said that it was clear a free trade accord would greatly boost American exports to Taiwan, specially in manufactured goods and farm products. It would also boost U.S. investment on Taiwan and help the U.S. establish Taiwan as a base in East Asia for expansion of trade with other developing nations.

The ROC has raised the issue of a free trade agreement in the past, but the U.S. side has not responded favorably. The ROC currently enjoys a 10 billion dollar surplus in trade with the U.S. Washington is not sure that a free trade agreement is the answer to reducing the imbalance; supposedly many U.S. officials contend that Taipei will benefit more and the trade gap will widen further.

But that seems to be a narrow way of looking at Taiwan's situation. The fact is that the ROC is taking major risks of its own in pushing for the free trade agreement. Among other things, the ROC Government must deal with domestic political fall-out, should such an agreement be signed, specially in the area of farm policies. Imagine, for a moment, the cost that Taiwan farmers will have to absorb if imports of U.S. agricultural products are unlimited? The U.S. exporters would drown out Taiwan's domestic producers, a situation that is bound to chain react into rural riots on Taiwan. And, imagine how Taiwan's service industries will be able to compete against the U.S. giants, if the giants are free to tread in the Taiwan market?

Thus the assumption that a free trade agreement between the ROC and USA would favor the former does not hold water. The ROC is prepared to say that these political costs will be less of a burden on the ROC than would protectionism in the U.S.

An important aspect of the proposed free trade agreement is that it will be implemented gradually, so both sides can adjust accordingly. The bottom line remains fairness, not balance. A free trade agreement would not only remove trade barriers, but would also make excuses for trade deficits obsolete. From that angle, it seems certain that both the ROC and U.S.A. would have everything to gain, and practically nothing to lose, by entering into a free trade accord.

Business Conference With U.S. Opens 1 Dec
OW0112224388 Taipei CNA in English 1601 GMT
1 Dec 88

[Text] Taipei, Dec. 1 (CNA)—President Li Teng-hui of the Republic of China [ROC] and his American counterpart Ronald Reagan Thursday both praised the efforts of ROC and U.S. businessmen to improve bilateral trade and economic relations and called on them to help resolve trade issues between the two countries.

The two presidents made their appeals in written messages to the 12th Annual Joint Conference of the ROC-USA and USA-ROC Economic Councils, which opened at the Taipei Grand Hotel Thursday afternoon with some 1,000 government officials and businessmen from the two countries participating.

President Li, in his congratulatory message read at the meeting's opening, urged the Chinese and American businessmen participating in the conference to frankly exchange opinions on ways to solve trade issues between the two countries in order to advance bilateral trade and economic relations to new levels.

President Reagan, saying that this would be the last time he would greet the meeting as U.S. President, pointed out the ROC and the U.S. face "some tough problems" in the economic aspects of their relations. He stressed, however, that "our approaches to these matters has been marked by frankness and accommodation which reflect mutual respect and friendship as well as our shared values."

Reagan also noted that all Americans have been deeply impressed by the ROC's "economic success and by its leaders' determination to promote democratic reform." "Few peoples in history have moved so rapidly or so successfully to create a freer, more open and more prosperous society," he added.

As a major participant in world trade and finance, Reagan pointed out, the ROC on Taiwan has "an increasingly important responsibility for creating a fairer, more balanced pattern of world trade and payments."

"We welcome Taiwan's desire to liberalize and internationalize its economy," the American President said. "While progress has been made, much remains to be done. We must not let up in our efforts because the continuing structural imbalance represents a serious and urgent threat to global prosperity."

Reagan's message was read by David M. Kennedy, chairman of the USA-ROC Economic Council, who is jointly presiding over the opening ceremony with his Chinese counterpart, Ku Chen-fu, chairman of the ROC-USA Economic Council.

Premier Yu Kuo-hua, several top ranking ROC economic officials and U.S. Senator Frank Murkowski (R-Alaska), who arrived in Taipei for a 4-day visit Thursday morning, were invited to speak at the opening ceremony.

The premier stressed that economic ties between the ROC and America have always been very close and friendly. He admitted, however, that the persisting trade surplus in the ROC's favor has concerned both sides in recent years.

Yu reiterated that the ROC is committed to diminishing the ROC-U.S. trade imbalance. He added that the nation has seen concrete results in this regard: In the first 10

months of 1988, the ROC's trade surplus with the U.S. dropped to U.S. dollars 8.5 billion from U.S. dollars 13.8 billion a year ago, a decline of 40 percent. "We are hopeful that we can slash the total trade surplus in 1988 to about U.S. dollars 10 billion, as against U.S. dollars 16 billion a year ago," he pointed out.

Premier Yu also stressed the ROC's efforts to liberalize trade and improve market access during the past year, saying that in terms of both the pace and scope, the nation is far ahead of all other Asian Pacific nations. "We have lowered import tariffs, removed non-tariff barriers, relaxed controls on foreign investment in Taiwan, and liberalized trade in services," he noted.

As a result of the efforts, Yu continued, ROC imports from the U.S. grew 40.8 percent in 1987 while exports to America increased only 24.4 percent. The trend has become even more obvious this year, he said, with January-October imports from the U.S. increasing 90 percent from 1987 and exports declining 0.2 percent.

The premier also spoke of the ROC's willingness to sign a free trade agreement [FTA] with the U.S. He said that inking an FTA offers definite advantages to both countries because "the U.S. would gain increased access to the ROC's rapidly growing domestic market and thus greatly expand its exports," and the ROC "would benefit from an easing of the protectionist pressures it now faces."

Yu also took the opportunity to call on the U.S. to help the ROC return to international economic and trade organizations. He affirmed that "we are prepared to assume a share of responsibility commensurate with the increasingly important role we play as a leading trading country and as a member of the world community of nations."

Economics Minister Chen Li-an and Fredrick Chien, chairman of the Council for Economic Planning and Development, also stressed ROC efforts to improve both the trade imbalance and trade relations between the two countries.

Chen pointed out that during the past years, the nation has significantly lowered import tariffs and relaxed import controls, has launched a five-year drive for export diversification, has sent more "buy-American" missions to the U.S. and has promoted American products in Taiwan.

In the years ahead, the minister suggested, the two nations should promote development on the basis of equality and mutual benefits, increase trade in hi-tech equipment and precision instruments to promote technology transfer, collect information about investments to encourage bilateral investments, and enhance two-way communications in order to build a consensus that would eliminate misunderstandings.

Chien, former ROC representative in Washington, said in his speech that the ROC-U.S. trade imbalance can not be solved overnight. But he stressed that the nation is sincere in working to solve all trade issues, including the

trade imbalance, between the two countries. The best way to achieve the goal at an early date, he said, is for the two countries to trust each other and to cooperate closely in dealing with the issues.

Senator Murkowski also called for concerted efforts by the two countries to strengthen their economic and trade relations. He said the U.S. Government, which has signed a free trade agreement with Canada, should carefully consider the feasibility of inking a similar agreement with the ROC.

Implementation of Plan for More U.S. Trade Urged
OW3011184888 Taipei CNA in English
1606 GMT 30 Nov 88

[Text] Taipei, Nov. 30 (CNA)—President Li Teng-hui Wednesday [30 November] instructed government agencies to faithfully implement the draft guidelines of a plan for strengthening trade and economic cooperation with the United States.

He gave the instruction after hearing a report on the draft guidelines by Fredrick Chien, chairman of the Council for Economic Planning and Development, at a meeting in the presidential office. The guidelines, he said, were "extremely important" and "timely."

Other officials attending the meeting included Premier Yu Kuo-hua, Economics Minister Chen Li-an, Finance Minister Shirley Kuo, and Governor Chang Chi-cheng of the Central Bank of China.

At the conclusion of the meeting, Premier Yu said economic and trade relations with the United States are a subject of prime importance to the Republic of China [ROC]. The relevant government departments will be required to present concrete work plans within one month, and will be asked to set a timetable for their work to be reviewed at least every six months, he added.

The premier acknowledged that a credibility gap does exist between the ROC and the U.S. in regards to their current trade problems. The two sides, therefore, must communicate more closely with each other to avoid misunderstandings, he said.

In his report on the draft guidelines, Chien said the ROC Government will urge the U.S. to hold talks soon on a proposed bilateral free trade agreement and on the establishment of a joint organization to resolve trade disputes between the two countries.

The crux of the Sino-U.S. trade problem, he pointed out, is that the ROC has been running a huge surplus with the U.S. in both 1985 and 1986, the U.S. absorbed more than 48 percent of the ROC's total exports. The percentage dropped to 44 percent in 1987, and this year it is expected to shrink to 39 percent.

As imports from the U.S. have grown rapidly this year, the ROC hopes to reduce its trade surplus sharply with that nation—with the magnitude of reduction being almost certainly the biggest among America's major trading partners.

Targets listed in the draft guidelines include:

- Expanding domestic demand and increasing imports so as to reduce the trade surplus with the U.S.

- Speeding market diversification so as to reduce ROC reliance on the U.S. market.

- Continuing economic liberalization and internationalization in order to minimize friction arising from economic and trade problems between the two countries.

In encouraging imports from the U.S., the ROC will cut tariffs further, open Taiwan's service industries to the U.S., continue sending "buy American" missions, and assist U.S. manufacturers to market their products in Taiwan.

Hong Kong

Rule of Law Important in Economic Success
HK0212023588 Beijing LIAOWANG in Chinese
No 47, 21 Nov 88 pp 28-29

[Article by Sheng Wei (4141 4885): "Strict Enforcement of the Rule of Law—an Important Factor in Hong Kong's Economic Success"]

[Excerpts] In the postwar period, Hong Kong's economy has developed rapidly. Particularly after the 1960s, Hong Kong was transformed from an entrepot trade port into a major manufacturing, commercial, and financial center in the Asia-Pacific region. According to statistics in the 1987 yearbook published by the Hong Kong Government, Hong Kong's total output value increased by an annual average of 7.8 percent from 1966 to 1985, and in 1986 and 1987 it even increased by a two-digit percentage.

What are the reasons for the "remarkable economic achievements" of Hong Kong in the postwar period? It is difficult to answer this question in a single sentence. However, I think one of the important factors not to be ignored in contributions to Hong Kong's economic success is its strict enforcement of the rule of law, which has put all its economic activities onto track, and has made these activities operate and develop in an orderly manner under the adjustment of law. [passage omitted]

Rule of Law—Enlightenment From Hong Kong's Experience

From the experience of Hong Kong, we can prove that there is an inexorable link between the rule of law and commodity economy. The principle of freedom and equality required by commodity economy can only be fully manifested in conditions of the rule of law. Once the rule of law is established and implemented, it will become a strong motive force for the operation of commodity economy. To sum up, I think we should learn and borrow from the experience of Hong Kong in the following three aspects:

—The aspect of the economic system. Hong Kong does not only have a complete independent judicial system in which judges and lawyers attend to their own duties, but also a complete comprehensive economic legal system. All kinds of economic activity have their own rules and regulations to follow. This has realized the legalization of economic activities, so that economic development can be effectively safeguarded in the legal sense. The completeness and coordination of the legal system are major conditions for the realization of the rule of law and a prosperous economy.

—The aspect of qualified personnel. In Hong Kong there are a number of qualified personnel who are well versed in law. In general, all legal personnel in Hong Kong have received formal and systematic legal education. They possess good qualifications and records of service, and are

well acquainted with the British and U.S. legal systems as well as the laws of Hong Kong. In addition, many people at management level in Hong Kong take legal courses from time to time in order to strengthen their legal knowledge to cope with their management work.

—The aspect of concepts. In Hong Kong, the concept of the rule of law is deep-rooted in the citizens. They know that everyone is bound by the law, regardless of their social status, race, or religion. Even the power of the government is conferred by the law. Therefore, the relationship between the government and the individual citizen is not in the form of commands or obedience, but is an equal legal relationship. When the government acts against the personal interests of a citizen, the latter can seek a fair solution through legal proceedings. The popular concept of the rule of law is based on Hong Kong's advanced commodity economy, and is necessary for the future prosperity of the economy of Hong Kong.

Basic Law Drafter To Join Hunger Strike, March
HK0212014188 Hong Kong SOUTH CHINA
MORNING POST in English 2 Dec 88 p 7

[By Stanley Leung and Chris Yeung]

[Text] A leading liberal and Basic Law drafter, Mr Szeto Wah, will join at least 40 other liberals in a 24-hour hunger strike outside the NEW CHINA NEWS AGENCY (NCNA) office tomorrow to protest against a conservative post-1997 political model.

Another outspoken drafter, Mr Martin Lee Chu-ming, will also demonstrate his objections when he leads a march from Victoria Park to the NCNA office in Wan Chai on Sunday.

So far, more than 30 member organisations of the Joint Committee on the Promotion of Democratic Government plan to join the march to the NCNA office where copies of the Basic Law draft on the future political system will be burned at the end of the two-day protest.

The proposal, originating from a model proposed by Mr Louis Cha, was endorsed by the drafting body's political sub-group during a meeting in Guangzhou last week. Mr Lee and Mr Szeto voted against it.

Mr Szeto said: "We joined the protest to show our dissatisfaction over the proposal and the consultation process.

"We're also disturbed by a statement reportedly made by a Chinese official that we have to be held responsible in history if we burn copies of the Basic Law. It's blackmail.

"We'll be seen as cowards if we give up," Mr Szeto added.

A controversy had earlier erupted over a remark reportedly made by Mr Mao Junnian who is a drafter and a vice-director of the local branch of the NCNA.

Without mentioning Mr Mao's name, a newspaper quoted a Hong Kong-based Chinese official as saying on Monday that liberals who burned copies of the Basic Law draft would have to be "held responsible in history."

The NCNA issued a statement on Tuesday saying "no leading persons of our branch said such words."

In a letter sent to the SOUTH CHINA MORNING POST yesterday, Mr Mao said he did "have a chat" with a local reporter during a Basic Law meeting in Guangzhou on the liberals' plan to burn copies of the draft.

Mr Mao recalled: "I said everybody has his freedom of expression. There are different channels to give views on the Basic Law. Fierce actions are not constructive.

"The reporter asked if people who took part in burning the Basic Law would be considered as not supporting the Basic Law and hence not eligible to become legislators in 1997.

"I said everyone had to assume responsibility for what they had done, otherwise it is not some sort of maturity."

Announcing the plan to go ahead with the protest, the convenor of the Joint Committee, Mr Yeung Sum, said it was likely the police would issue a permit for the march after they accepted the police's advice to change the route.

The liberals originally planned to start marching from Chater Garden in Central but police refused to issue the permit because the route passed through heavy traffic areas.

Ji Pengfei Meets Hong Kong Commerce Delegation
OW0112171088 Beijing XINHUA in English
1213 GMT 1 Dec 88

[Text] Beijing, December 1 (XINHUA)—Ji Pengfei, director of the Hong Kong and Macao Affairs Office under the State Council, met here this afternoon a delegation from the China Committee of the Hong Kong General Chamber of Commerce led by its President Margaret Jack.

Ji briefed the guests on the Chinese Communist Party's efforts to improve economic environment and straighten out economic order.

The delegation arrived here at the invitation of the Coordinating Center for Business Cooperation under China's State Planning Commission.

Mainland Fund Takes Stake in Telecommunications
HK0212014988 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 2 Dec
88 p 1

[By Martin Winn]

[Text] A China trust fund is taking up more than 10 percent of the shares reserved for Hong Kong institutions in the record \$4 billion placing by Hong Kong Telecommunications [Hong Kong Telecom].

The Hong Kong SAR [Special Administrative Region] Government Land Fund is paying about \$250 million for 56 million shares of the 550 million available to Hong Kong and British institutions in the territory.

Analysts said the purchase represented a show of confidence in Hong Kong Telecom and partly explained the strength of demand for the share issue, which involves the worldwide sale of 877.5 million shares priced at \$4.55.

The total offer has been expanded from an earlier expected maximum of 787.5 million shares, largely because of the warm reception for the sale in Hong Kong.

The Land Fund, set up in 1986 to help finance the provincial government that will assume control of Hong Kong after 1997, takes 50 per cent of the net proceeds of Hong Kong Government land sales and is believed to have accumulated almost \$10 billion.

Most of its money is on deposit or in fixed income securities, and Hong Kong Telecom is believed to be its first major venture into the local equity market.

Officials of the fund were unavailable for comment yesterday.

"Everyone is pleased to see China involved in the offer," said Hong Kong Telecom Deputy Chief Executive Terry Miller. "It is another sign of confidence from across the border. They obviously see it as a good investment."

The Land Fund's investment follows the purchase in June by Guangdong Posts and Telecommunications of 10 million Hong Kong Telecom shares—about 0.1 per cent of the company's equity at the time.

Bank of Communications, a Chinese state bank, recently launched a \$200 million bond issue with warrants exercisable for up to 20 million Hong Kong Telecom shares and has said it would like to raise its stake in the company.

Hong Kong Telecom announced yesterday that the placing and underwriting of the share issue had been completed. Lead underwriters of the Hong Kong portion of the offer will be paid a fee of 2.25 per cent and sub-underwriters 1.25 per cent, in line with recent major share issues in Hong Kong.

All but 25 million shares of the 575 million shares for sale in Hong Kong have been pre-placed with institutions, although up to 105 million shares can be reallocated to the public if the general offer for sale generates demand for more than 130 million shares.

The Hong Kong offer can also be expanded by up to 20 percent through a clawback of shares placed with U.S. and international investors.

American institutions will take 202.5 million shares in the form of American Depositary Receipts and 100 million shares will be placed internationally.

If necessary, the vendors—the Hong Kong Government and Britain's Cable and Wireless—can give an additional 30.38 million shares to U.S. underwrites to cover over-allotments.

Another 15 million can be made available to international underwriters for the same purpose.

If all the options are exercised, the total number of shares offered could rise to a maximum of 922.88 million and bring the proceeds from the placement to \$4.2 billion.

Application lists for the shares close on December 7 and the basis of allotment will be announced on December 9. Shares certificates and refund payments will be posted on about December 14.

Hong Kong Telecom shares are expected to resume trading today.

SRV Refugees Leave for Resettlement Overseas
OW0212073388 Beijing XINHUA in English
0154 GMT 2 Dec 88

[Text] Hong Kong, December 2 (XINHUA)—A total of 186 Vietnamese refugees left Hong Kong for resettlement overseas in November, and two resettled in Hong Kong, according to the Hong Kong Government Information Service.

The service reported Thursday night that of those who left for overseas resettlement, 26 departed for Australia, 19 for Britain, 45 for Canada, 59 for Finland, 35 for the United States and two for Federal Germany.

According to the government's policy, those who came before June 16 this year were automatically regarded as refugees and could be accepted by resettlement countries, but the more than 9,000 having arrived after the June 16 deadline are still subject to a screening process. The majority of those are believed to be economic emigrants and have to be put in detention centers pending repatriation.

Macao

Soviet Joint Venture Scheduled in January
HK0212013588 Hong Kong HONGKONG STANDARD
in English 2 Dec 88 p 2

[Text] Macao: A Soviet-Macao joint venture company is to be set up in the enclave next January, the president of the Macao Exporters Association, Mr Victor Ng, confirmed on Wednesday.

The joint venture will hold the exclusive rights to bilateral trade.

The Macao government will be one of the shareholders in the venture and will provide special export credit lines.

The confirmation came following a three-day visit to Macao last week by a Russian trade delegation.

The Chairman of the USSR Chamber of Commerce and Industry, Mr V. Malkevich, said Macao was an ideal base for the development of relations between the Soviet Union and countries in Southeast Asia.

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